

INGENIOUS MEDIA ACTIVE CAPITAL

ANNUAL REPORT & ACCOUNTS

For the year ended
31 March 2010



WE ARE **INGENIOUS**

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INGENIOUS MEDIA ACTIVE CAPITAL

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THE COMPANY AND ITS ADVISERS

Directors	Mike Luckwell* (Chairman) Neil Blackley George Bryan Dix* David Jeffreys* Patrick McKenna William Simpson Serena Tremlett* (Appointed 1 May 2009)	
Company Secretary and Designated Manager	Morgan Sharpe Administration Limited ** Isabelle Chambers Route Isabelle St Peter Port Guernsey GY1 3TX	
Registered Office	Isabelle Chambers Route Isabelle St Peter Port Guernsey	
Registered Number	44358	
Investment Manager	Ingenious Ventures*** 15 Golden Square London W1F 9JG	
Auditors	Deloitte LLP Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3HW	
Nominated Adviser & Broker	Canaccord Genuity Limited**** Cardinal Place 80 Victoria Street, 7th Floor London, UK SW1E 5JL	
Legal Advisers	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA	O'Melveny & Myers LLP Warwick Court 5 Paternoster Square London EC4M 7DX
Registrar	Capita IRG (CI) Limited 2nd Floor No. 1 Le Truchot St Peter Port Guernsey GY1 4AE	

* Independent director (a director who is independent of the Investment Manager)

** On 14 April 2009 IMAC appointed Morgan Sharpe Administration Limited as Company Secretary and Designated Manager

*** Ingenious Ventures is a trading division of Ingenious Asset Management Limited

**** On 10 May 2010 Canaccord Adams Limited changed its name to Canaccord Genuity Limited

INGENIOUS MEDIA ACTIVE CAPITAL

COMPANY SUMMARY

The Company	The Company is a Guernsey registered investment company and its shares are admitted to trading on AIM. It was incorporated on 17 February 2006 and dealings on AIM commenced on 11 April 2006.		
Investment Policy	IMAC is a growth/development capital fund intended to generate capital gains for its shareholders from equity or equity-related investments in media companies. The fund is no longer making investments in new investee companies, but is now focused on managing its existing investments through to exit. IMAC will continue to make further investments in existing investee companies where appropriate.		
Investment Manager	The Company has appointed Ingenious Ventures to provide investment management services.		
Investments	Investments total (committed funds)	£94.7m	As at 30 July 2010 (£94.2m as at balance sheet date).
	23 June 2006	£2.2m	Whizz Kid Entertainment Limited
	6 November 2006	£9.2m	Incisive Media Limited
	5 December 2006	£3.0m	Digital Rights Group Limited
	8 March 2007	£4.0m	Community Television Networks Limited (reduced from £4.2m)
	29 March 2007	£1.5m	Outside Line Limited
	27 April 2007	£1.3m	Crystal Entertainment Limited (reduced from £2.5m)
	24 May 2007	£5.3m	Two Way Media Holdings Limited (including NetPlay TV plc shares)
	8 June 2007	£4.6m	Enigmas2 Limited formerly In2Games Limited (reduced from £7.8m)
	14 June 2007	£3.0m	Digital Rights Group Limited (further investment)
	14 June 2007	£7.0m	Brand Events Holdings Limited
	18 June 2007	£5.0m	Trinity Universal Holdings Limited
	16 August 2007	£8.3m	Incisive Media Limited (further investment)
	5 September 2007	£1.5m	Eden State Limited (reduced from £10.0m)
	2 October 2007	£1.6m	Sportbuzz Limited
	29 October 2007	£0.4m	Incisive Media Limited (further investment)
	22 November 2007	£5.3m	Digital Rights Group Limited (further investment)
	12 December 2007	£7.5m	QobliQ Limited
	22 February 2008	£2.0m	Whizz Kid Entertainment Limited (further investment)
	27 May 2008	£2.3m	QobliQ Limited (further investment)
	12 June 2008	£7.0m	Review Centre Limited
	7 August 2008	£6.0m	Ingenious Ventures L.P.
	7 November 2008	£2.8m	QobliQ Limited (further investment)
	22 January 2009	£0.6m	Two Way Media Holdings Limited (further investment)
	3 April 2009	£0.4m	Trinity Universal Holdings Limited (further investment)
	9 June 2009	£0.3m	Trinity Universal Holdings Limited (further investment)
	31 March 2010	£2.1m	Brand Events Holdings Limited (further investment)
	10 May 2010	£0.5m	QobliQ Limited (further investment)

CHAIRMAN'S STATEMENT

I am pleased to present the fourth Annual Report and Accounts in respect of Ingenious Media Active Capital Limited (the **Company**) for the year ended 31 March 2010.

The Company was admitted to trading on AIM in April 2006 with the business objective to make equity or equity-related investments in media and entertainment companies in order to achieve capital growth for its Shareholders.

At the time of the Company's admission in 2006, the economic environment presented opportunities to invest in a broad range of 'mid-stage', high growth companies within the media sector, in particular a new class of media companies, which we termed 'progressive media' companies. Our investment strategy on admission anticipated that substantially all the funds raised on admission would be invested or committed for investment within two years. However, due to market conditions, it has not been feasible to invest all of the funds while at the same time achieving a long-term return target of more than 15 per cent. per annum.

As has been well documented, there was a serious adverse change to global economic conditions throughout 2008 and most of 2009. The impact of the recession and the dramatic decline in bank financing have hit the media sector hard, which was itself already facing the challenges of structural shifts caused by digitalisation and fragmentation of existing revenue models. This offered fewer investment opportunities as well as resulting in longer timeframes to exit investments. The Board was also conscious of the increased challenges faced by the investee companies as their businesses had to make rapid adjustments to meet the new trading conditions brought about by the recession.

On the recommendation of the Manager, the Company took the positive decision to make no new investments from the summer of 2008, anticipating the economic turbulence and with the aim of preserving investors' cash in the Company until economic conditions and the outlook for the media sector had improved. This resulted in the Company having a significant cash reserve and one which, in the Manager's opinion, was greater than the current portfolio required. Given that the conditions for the media sector remain very challenging, the Manager advised the Board that it was in the Shareholders' interests to distribute the majority of the Company's cash balance while retaining sufficient working capital to provide an adequate follow on capability to support the investment potential of the investee companies along with meeting the Company's operating costs. The return of capital to Shareholders of £50,108,962 was made on 28 May 2010, following approval at the EGM on 12 May 2010.

Although the Company will make no new investments (other than follow-on investments to existing investee companies), the Manager will continue to actively manage the existing investee companies and the Company will continue to invest in these companies where appropriate. The Manager will seek exits for the portfolio at the appropriate time.

At the same time, the terms of the Manager's investment management agreement with the Company were varied, reducing the Manager's fee to 1.25 per cent. of the Company's investment NAV. The carried interest base value was also reset at the NAV as at 31 December 2009 (being £41,849,918 in total) and the term of the appointment of the Manager was extended by a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011). The Board feels that these arrangements are appropriate given the revised size and investment strategy of the Company.

Investments

In the year ended 31 March 2010, the Company made no new investments but has provided additional funding to Brand Events Holdings Limited at a total cost of £2.1 million. The Company has subsequently provided a further £0.5 million of funding to QobliQ Limited for the acquisition of Fulford PR in May 2010. Two further investments of £0.4 million and £0.3 million were made to Trinity Universal Holdings Limited in April and June 2009, respectively.

This brings the total funds committed as at the date of this report to £94.7 million in 16 entities. The Company's net asset value per share as at 31 March 2010 was 62.64 pence, compared to 68.83 pence at 31 March 2009.

A description of the market and the Company's investment activities to date can be found in the Manager's Review which follows this statement.

Realisation of Investments

On 15 July 2010 the assets of Stage Three Music Limited were sold to BMG Rights Management GmbH, subject to competition authority clearance.

CHAIRMAN'S STATEMENT (CONTINUED)

Outlook

The UK economy is starting to recover, although trading conditions in the media sector remain challenging. Given this, the investee companies are performing satisfactorily, and although significant challenges remain, I believe they are positioned to benefit from any further recovery in economic conditions.

A handwritten signature in purple ink, appearing to read 'ML', is positioned above the name 'Mike Luckwell'.

Mike Luckwell

Chairman
30 July 2010

MANAGER'S REVIEW

Market Review and Prospects

The UK economy is showing some signs of improvement, and the media sector is clearly dependent on this recovery in the broader economy being sustainable. There have been some encouraging signs, in particular with a number of recent press reports suggesting that marketing spend is picking up in the UK, but conditions remain tough for companies operating throughout this sector.

Investment Activity

In the year ended 31 March 2010, the Company made no new investments but has provided additional funding to Brand Events Holdings Limited at a total cost of £2.1 million. The Company has subsequently provided a further £0.5 million of funding to QobliQ Limited for the acquisition of Fulford PR in May 2010. Two further investments of £0.4 million and £0.3 million were made to Trinity Universal Holdings Limited in April and June 2009, respectively.

This brings the total funds committed as at the date of this report to £94.7 million in 16 entities.

As mentioned in the Chairman's Statement above, the Manager is no longer making investments in new investee companies, but will continue to manage the existing investee companies including making additional investments in these companies where appropriate.

Investments and Committed Funds

It should be noted that all outstanding funding commitments are at the discretion of the Company and the Manager.

Portfolio Management

This Manager's Review contains only subsidiaries in which IMAC has a controlling interest. There are no further undrawn commitments to other investments held by IMAC.

Whizz Kid Entertainment Limited

June 2006, £2.25 million

February 2008, £2.00 million

Whizz Kid Entertainment Limited is an independent TV production company formed by Malcolm Gerrie, former Chief Executive and co-founder of Initial, which was sold in 1992 to what became Endemol. Whizz Kid Entertainment Limited creates and produces audio-visual content across a range of genres including music, events and entertainment. The company is able to exploit opportunities in digital content through its digital arm, Tough Cookie, and in advertiser-funded content through its investment in Precious Media with Peter Christiansen.

While the market conditions for independent TV production companies, especially smaller companies, remain extremely tough, Whizz Kid Entertainment Limited has been enjoying some success. In particular, its show, *Let's Dance* for BBC1, received good ratings and was re-commissioned for this year.

The company also strengthened its online credentials by winning the commission to produce coverage of the U2 concert in LA in October 2009. This was streamed live on YouTube and attracted an online audience of over 10 million.

Whizz Kid Entertainment Limited currently has a strong pipeline of projects in development across music, events and entertainment, including a number of co-productions with international partners.

INGENIOUS MEDIA ACTIVE CAPITAL

MANAGER'S REVIEW (CONTINUED)

Digital Rights Group Limited

December 2006, £3.00 million

June 2007, £3.00 million

November 2007, £5.27 million

Digital Rights Group Limited (**DRG**) is a TV sales and rights distribution group which provides TV producers with international distribution for their rights and programmes, independently of the major broadcasters or other TV-producer-owned distributors. DRG is now the largest independent TV distributor in the UK having acquired the following companies: Portman Film & Television Group; Zeal Entertainment; i-Rights and iD Distribution; and Channel 4 International (**C4i**).

Market conditions have been tough, with broadcasters' reduced budgets having a corresponding impact on new programming being commissioned. Despite this, DRG has been successful in acquiring the rights to leading programming including *Doc Martin*, *Collision*, *Underbelly* and *Sea Patrol*.

The company has also completed a white-label distribution deal with Ovation in the US, and has recently launched a catalogue of 3D programming (**3DRG**). The management team is continuing to work on operational synergies within the business and is also examining new investment opportunities in both TV and digital rights.

Outside Line Limited

March 2007, £1.50 million

Founded by Ant Cauchi and Lloyd Salmons in 2000, Outside Line Limited is a digital marketing and creative agency. The company has grown since IMAC's investment, expanding its service offering from the design and development of websites and mobile applications into other disciplines including online PR, social-media marketing, and blogger outreach. A content division has also been established to provide filming, editing, audio and copywriting services.

Since 2007, Outside Line Limited has also successfully broadened its client base from mainly entertainment clients (including The Beatles, Robbie Williams and Sega Games) to also include other sectors, including leading consumer brands such as Playstation, Adidas, Lynx and LG.

Two Way Media Holdings Limited

May 2007, £4.34 million

January 2009, £0.60 million

Two Way Media Limited, the trading company, is a UK-based interactive television company which has transitioned itself from being a supplier of red-button technology and professional services to UK cable operators and channels to being a multiplatform interactive TV production and distribution company.

Subsequent to IMAC's investment, Two Way Media Limited established a cross-platform gambling production company with the delivery of the Challenge Jackpot gambling channel on TV/online in partnership with Virgin Media. This joint venture was sold to NetPlay TV plc in April 2009.

Two Way Media Limited is already the largest supplier of this type of red-button gaming and content to the UK cable platform. It has a strong pipeline of opportunities both to supply similar red-button content to IPTV operators across Europe as well as to develop branded casual games content both online and for TV. ITV red-button voting has recommenced and is surpassing expectations. Two Way Media Limited has also created games for mobile phones, social networks and won several commissions to create applications for connected televisions.

MANAGER'S REVIEW (CONTINUED)

Brand Events Holdings Limited

June 2007, £7.02 million

March 2010, £2.06 million

A leader in the consumer exhibitions market, Brand Events Limited, the trading company, has established a strong reputation within the UK for successfully launching new consumer shows. The company's established operating model borrows skills and techniques from the entertainment, media and leisure sectors and combines them with traditional exhibition skills. The company has now established two key shows: the Taste Festivals, food festivals celebrating different foods; and *Top Gear Live*, the *Top Gear* branded live motoring theatre format. An international network has been built allowing Brand Events Limited to license or run the shows with joint venture partners in Australia, South Africa, The Netherlands, New Zealand, Ireland and Dubai.

A further working capital injection of £2.06 million was agreed with management in order to expand the *Top Gear Live* shows into new territories such as Dubai, two Scandinavian countries and other major cities in Australasia. A new *Golf Live* show was launched in May 2010, adding to the portfolio of shows that can then be licensed internationally through Brand Events Limited's network.

QobliQ Limited

December 2007, £7.50 million

May 2008, £2.30 million

November 2008, £2.77 million

May 2010, £0.50 million

QobliQ Limited was formed with the aim of creating the leading international innovative marketing services group, combining sponsorship, digital and experiential marketing to provide brands with an integrated innovative marketing solution. The company is exploiting a structural shift in spend away from traditional above-the-line advertising into innovative below-the-line marketing activities which enable brands to engage with their target audience on a more personal level, whilst typically delivering higher return on investment for the advertisers. The management team of QobliQ Limited is led by Xavier Quattrocchi-Oubradous and Roland Giscard d'Estaing, who founded SponsorClick France SAS, a Paris-based sponsorship consultancy, and who both have backgrounds in investment banking.

In December 2007, QobliQ Limited completed its first acquisition of brandRapport Limited, an independent sponsorship agency in the UK. In May 2008, IMAC invested a further £2.3 million in QobliQ Limited allowing the company to acquire Paris-based experiential marketing agency, Nouveau Jour SAS, and SponsorClick France SAS, an independent sponsorship marketing consultancy based in Paris. IMAC invested an additional £2.8 million in November 2008 in order for the company to acquire Arena International Limited and Arena Sports Marketing Limited together, (**Arena**), a UK sponsorship consultancy specialising in football. The acquisition of Arena, which has been re-branded brandRapport Arena, extended brandRapport's already impressive track record into football partnerships through its work with the Barclaycard Premiership and FA Cup (E.ON).

The business is expected to grow in FY10/11 on the back of the recovery in marketing spend. In addition, the management of the QobliQ group is currently reviewing its acquisition strategy in view of reduced prices in the market, and is working with the existing group companies to extract synergies and develop new business opportunities.

A further investment of £0.5 million in QobliQ Limited was made in May 2010 to fund the acquisition of Fulford PR agency in Singapore.

MANAGER'S REVIEW (CONTINUED)

Review Centre Limited

June 2008, £7.03 million

Review Centre Limited (www.reviewcentre.com), a leading consumer-generated review site, was acquired in June 2008 by IMAC in a management buy-in (**MBI**) deal.

The MBI team was led by Nick Hynes as non-executive chairman and Glen Collins as Chief Executive Officer. Nick Hynes was previously Chief Executive Officer of The Search Works, the search engine marketing provider sold to Tradedoubler in July 2007 for £56 million, and prior to that headed Overture Europe, Yahoo's search advertising business. Glen Collins is a career online marketer who founded and ran pioneering online marketing and web development agency Digital Outlook, until exiting the business in 2006.

Review Centre was established in 1999 to allow internet users to post their product reviews on online bulletin boards. It now provides reviews across a very broad base of different products and services, encompassing automotive, electrical, entertainment, finance, lifestyle, sport and travel. In 2002 it switched its business model to pay-per-click advertising, significantly enhancing revenues. The business has grown steadily, primarily due to an expanding database of consumer reviews, a booming e-commerce market and increased consumer interest in researching purchases online.

Since investment, the MBI team has pressed ahead with redesigning the website and enhancing the user experience for both writing and reading reviews. The new site build has allowed Review Centre to generate several new revenue streams. These include price comparison, voucher codes and cash back revenues, display advertising as well as the ability to deliver more targeted commercial deals.

Ingenious Ventures LP

IMAC's investment in Cream and Stage Three Music is via its Limited Partnership interest in the Ingenious Ventures LP (**IVLP**) fund. This interest was purchased from UBS (Jersey) Limited in August 2008. Ingenious Media Limited remains the other (minority) partner in the limited partnership. No monitoring fees are charged by the Manager to IMAC for management of its interest in IVLP.

Cream Holdings Limited

August 2008, £1.03 million

Cream Holdings Limited is a live events company based around the Cream dance brand and is run by James Barton. Its main activities are festivals in the UK and licensed shows overseas. The company also operates club nights in both Liverpool and Ibiza and a compilation record label.

Its best known event, Creamfields, is held in August every year. The 2009 festival was very successful, selling out in advance. Management believe that this success can be replicated in 2010 as many of the factors driving the performance of 2009's event, including a change of venue and a move to a two-day format, will be continued. It is fully expected that tickets will again sell out in advance of this year's two-day event.

MANAGER'S REVIEW (CONTINUED)

Stage Three Music Limited

August 2008, £5.03 million

Stage Three Music Limited is an independent music publishing company which acquires and exploits existing music catalogues as well as signing writers in the creation of new copyright in songs. Since its inception it has acquired the rights to Aerosmith, ZZ Top, Gerry Rafferty and many other songwriters. The Chief Executive Officer, Steve Lewis, formerly led Virgin Music Publishing and then Chrysalis Music Publishing.

Stage Three Music Limited is provided with acquisition debt by Bank of Ireland, as well as co-investment equity from Apax Partners, who are currently the majority shareholder in the company. The Mike Oldfield catalogue was successfully acquired in January 2010.

The company has performed well in the current market conditions, with weak synch revenue being offset by better than expected performance and mechanical revenue, in particular from the Duffy, James Morrison and Take That albums.

Ingenious Ventures LP sold the assets of Stage Three Music Limited to BMG Rights Management GmbH on 15 July 2010, subject to competition authority clearance.

Ingenious Ventures
30 July 2010

INGENIOUS MEDIA ACTIVE CAPITAL

BOARD OF DIRECTORS

Mike Luckwell (Chairman)

Mike Luckwell joined the Board in February 2007 having previously been a member of the advisory board to the Manager. He was appointed acting Chairman with effect from 26 January 2008 and Chairman on 29 July 2008.

Mike has over 30 years' experience in the media sector. In 1970 he set up The Moving Picture Company Limited, which he reversed into Carlton Communications plc in 1983. He was also the largest single shareholder in HIT Entertainment plc which was sold to Apax Partners Limited in March 2005.

Patrick McKenna

Patrick is the founder and Chief Executive of the Ingenious Group. Prior to forming Ingenious in 1998, Patrick was Chairman and Chief Executive of The Really Useful Group and prior to that was a Partner in Deloitte LLP, where he ran the media group.

Patrick is Chairman of the television company Hat Trick Productions, the music publisher Stage Three Music (until the company is dissolved) and sits on the Advisory Board of the advertising agency BBH. He is also Chairman of The Young Vic Theatre, a Trustee of NESTA and a Board Member of the British Council. In addition, he is a member of the Film Business Academy Board at the Cass Business School and is an Ambassador for C&binet, the Government's creative and business international network.

Neil Blackley

Neil Blackley is a non-executive director of Ingenious Media Holdings plc, a non-executive director of World Archipelago and a non-executive director of Stage Three Music, until the company is dissolved. Neil was the head of the UK and European media research team at Merrill Lynch. Neil joined Merrill Lynch from Goldman Sachs where he was the lead analyst on the flotation of BSKyB in 1994.

Prior to joining Goldman Sachs in 1993, Neil was at James Capel, where he worked for ten years and was consistently the No. 1 ranked media analyst in the Extel Survey.

George Bryan Dix (Bryan Dix)

Bryan Dix was a tax partner with Deloitte LLP. In 2003, he led a management buy out of Deloitte's offshore business, Walbrook Group Ltd, which had offices in Guernsey, Jersey and the Isle of Man and then employed 140 people. Walbrook provided trust and company administration services.

In 2007, having added an office in Hong Kong and with staff numbers now over 200, Walbrook was sold to Barclays Wealth. Bryan subsequently took on the role of Global Head of Wealth Advisory, the division of Barclays Wealth looking after the trust and company structuring for wealthy families throughout the world. Bryan retired from Barclays Wealth Advisory in March 2009. Bryan was appointed a director of Barclays Private Clients International Limited on 6 August 2009 and resigned as a director on 31 May 2010.

Bryan is a chartered Tax Adviser and past president of the Guernsey Branch of the Chartered Institute of Taxation.

David Jeffreys

David Jeffreys qualified as a chartered accountant with Deloitte Haskins & Sells in 1985. He is a fellow of the Institute of Chartered Accountants in England and Wales and works as an independent non-executive director to a number of Guernsey-based investment fund companies and managers.

From 2007 to 2009, David was the managing director of EQT Funds Management Limited, the Guernsey management office of the EQT group of private equity funds. From 1993 to 2004, he was the managing director of Abacus Fund Managers (Guernsey) Limited, a third party administration service provider to, primarily, corporate and fund clients. Prior to 1993, David worked as an auditor.

David was born in 1959 and is a Guernsey resident.

BOARD OF DIRECTORS (CONTINUED)

William Simpson

William Simpson is a partner of Ogier and head of its Guernsey office. Ogier are Guernsey Advocates with associated offices in Bahrain, British Virgin Islands, Cayman, Hong Kong, Ireland, Jersey, London and Tokyo, specialising in establishing mutual funds and providing legal services to the finance industry. Ogier are providing legal advice to the Company as to Guernsey law, and William is a director of and beneficially interested in Ogier.

William practised at the Bar in England until 1987 prior to joining the Attorney-General's Chambers in the Cayman Islands. Thereafter, following a further period offshore in private practice in the British Virgin Islands, William relocated to Guernsey in 1991 and in 1996 became a partner in a locally based law firm. In 2002 he joined Ogier. William is a director of a number of investment companies based in Guernsey and continues to advise regularly on investment and finance related matters.

William is also a non-executive director of Ingenious Asset Management International Limited and FP Holdings Limited which are Guernsey registered companies, wholly-owned within the Ingenious Group.

Serena Tremlett

Serena Tremlett has over 20 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 13 years.

She is a Guernsey resident and managing director of Morgan Sharpe Administration Limited (**Morgan Sharpe**), a third party fund administrator which was acquired by her and her team by way of management buy-out in April 2008 and is a non-executive director on Alpha Pyrenees Trust, Alpha Tiger Property Trust and NewRiver Retail in addition to various unlisted funds and general partners. Morgan Sharpe provides administration services to the Company and Serena is a director of and beneficially interested in Morgan Sharpe.

Serena was previously the company secretary (and formerly a director) of Assura Group, a company listed on the London Stock Exchange investing in primary healthcare property, pharmacy and medical businesses and ran Assura's Guernsey head office.

Prior to working for Assura, Serena was head of Guernsey property funds at Maurant Guernsey for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company and the Group, together with the financial statements and auditors' report, for the year from 1 April 2009 to 31 March 2010, and the comparative year from 1 April 2008 to 31 March 2009.

Principal Activities and Investing Policy

Investing Policy

Principal Activities

Ingenious Media Active Capital Limited (**IMAC**, or the **Company**) is a company incorporated with limited liability under the laws of Guernsey. The Company's shares were admitted to trading on AIM on 11 April 2006.

The new Guernsey fund rules relating to authorised and registered funds (the Authorised Closed-Ended Investment Schemes Rules 2008 and the Registered Collective Investment Scheme Rules 2008) became effective from 15 December 2008. All funds in existence as at that date are automatically deemed to be authorised funds but had a transition period of up to 30 April 2009 to write to the Guernsey Financial Services Commission and convert to a registered fund. The Board has decided that the Company should remain an authorised fund.

The Company is a growth/development capital fund intended to generate capital gains for its shareholders from equity or equity-related investments in media companies. The Company is no longer making investments in new investee companies, but is now focused on managing its existing investments through to exit. IMAC will continue to make further investments in existing investee companies where appropriate. The initial term of the Investment Management Agreement was extended on 12 May 2010 for a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011).

Following the distribution of £50,108,962 of returned capital to Shareholders, the Manager anticipated that the Company would have approximately £5.5 million of cash. The estimated future operating costs of the Company over the next three years are £3.8 million. These costs are expected to be funded from a combination of the Company's post distribution cash balance, as well as cash retained from future realisations, if required. In the unlikely scenario that insufficient realisations are made over this period, the Company will have sufficient cash to meet its operating costs. The current funding commitments that the Company has to the investee companies is an amount of £7.2 million which has yet to be drawn down and which is at the discretion of the Company and the Manager. If the Company and Manager were to approve draw down of these outstanding commitments, the commitments to the investee companies would be funded from a combination of the post-distribution cash balance of the Company, as well as from additional cash retained from future realisations, if required.

It is the Company's aim to assist investee companies to the point where they become attractive to larger acquirors or suitable for IPO and then to market them competitively to exit.

Restrictions

The Company has also imposed the following investment restrictions upon Ingenious Asset Management Limited acting as the Company's investment manager (the **Manager**):

- the Company will only invest in derivatives for the purpose of hedging currency risk relating to non-sterling denominated investments;
- the Company may not write uncovered options;
- the Company will not invest directly in real estate;
- the Company will not invest in commodities;
- the Company may not make any investments where its liability in relation to such investment is unlimited;
- in addition to short term borrowings (for not more than three months) the Company will have the ability to borrow up to 25 per cent. of the value of its NAV. In terms of gearing at the investee company level, the Company shall not be restricted save that the Manager shall consider the appropriateness of an investee company's gearing on a case-by-case basis.

DIRECTORS' REPORT (CONTINUED)

Investing Policy (continued)

Restrictions (continued)

The restriction preventing more than 15 per cent. of the Company's net assets being invested in any one portfolio company at the time of that investment no longer applies following the changes approved at the EGM on 12 May 2010.

For the avoidance of doubt, the Company shall not make any new investments which are unconnected with the investee companies.

Due to the nature of the Company's investments, the Manager does not expect there to be significant (if any) cross-holdings among its investments.

Deal sourcing and strategy execution

New investment opportunities will only be sourced in respect of the investee companies. All outstanding funding commitments are, however, at the discretion of the Company and the Manager. The Company will retain the flexibility of choosing in which investee companies it will continue to invest, with a view to maximising Shareholder value.

Investment procedures

Subject to the overall supervision of the Board, and within the scope of the Company's investing policy, the Manager adopts the following investment procedures:

The Company shall continue to follow and adhere to its Current Investing Policy save to the extent that: (i) such Current Investing Policy shall only apply to investments and opportunities which lie within the investee companies and (ii) the investment restriction preventing more than 15 per cent. of the Company's net assets being invested in any one portfolio company at the time of that investment shall no longer apply.

If a further investment connected with an existing investee company is sufficiently attractive to merit further consideration the principal responsible for the opportunity will present an opportunity summary for discussion at an Investment Team meeting. At this stage the intention is to determine whether there are any fundamental objections to the proposal in terms of commercial viability, proposed investment structure and investment rationale (fit with fund objectives, availability of cash for drawdown, etc.). The Manager will perform initial due diligence using commercial expertise from within the Ingenious Group. The Final Investment Review will then be considered by the Investment Committee who will then approve or reject the opportunity.

The Board reviews details of all investments which have been made by the Manager on behalf of the Company at regular meetings of the Board.

Distribution policy

The Directors intend to make distributions, subject to Guernsey company law and the Company's ongoing working capital requirements, as and when the appropriate situations arise in connection with the realisation of its investee companies. The Company will review the working capital requirements following each realisation to ensure that the Company will have sufficient cash to meet its operating costs and where surplus cash is available the Company will make an appropriate return to Shareholders.

DIRECTORS' REPORT (CONTINUED)

Business Review

A review of the Company's business during the year and an indication of likely future developments are contained in the Chairman's Statement and Manager's Review.

Consolidation of Investee Company Results under International Accounting Standards

In accordance with International Accounting Standards, the Company presents its financial statements for the Company, and consolidated financial statements for entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The International Accounting Standards Board has made it clear that the requirement to consolidate applies to venture capital organisations.

Capital

Details of the Company's capital are provided in note 20 to the financial statements. All shares carry equal voting rights with the exception of treasury shares which have no voting rights.

Directors and Directors' Interests

The Directors and their respective biographies are set out on pages 10 and 11. Mike Luckwell, Neil Blackley, George Bryan Dix, David Jeffreys, Patrick McKenna and William Simpson served throughout the year. Serena Tremlett was appointed to the Board on 1 May 2009.

As at 31 March 2010, the interests of the Directors in the issued Ordinary Share capital of the Company were:

	No. of Ordinary Shares at 31 March 2010	% of issued Ordinary Share capital
Neil Blackley	250,000	0.17%
George Bryan Dix	-	-
David Jeffreys	-	-
Mike Luckwell	5,500,000	3.84%
Patrick McKenna*	36,432,395	25.45%
William Simpson	-	-
Serena Tremlett	-	-

* These shares are held by Ingenious Media Limited, a company in which Patrick McKenna is beneficially interested.

There has been no change to the Directors' holdings between 31 March 2010 and the date of this report.

Details of share options granted to Directors are provided in the Directors' remuneration report on pages 21 and 22.

DIRECTORS' REPORT (CONTINUED)

Substantial Interests

Investor	Number of Ordinary Shares	% of Issued Share Capital
Ingenious Media Limited	36,432,395	25.45%
Deutsche Bank AG	19,834,000	13.85%
Aegon Asset Management Ltd	15,000,000	10.48%
Universities Superannuation Scheme Ltd	14,864,796	10.38%
Scottish Widows Investment Partnership	14,850,000	10.37%
Majedie Asset Management Ltd	9,022,996	6.30%
Mike Luckwell	5,500,000	3.84%
Simon Fuller	5,000,000	3.49%
Cazenove Capital Management	4,765,000	3.33%

Post Balance Sheet Events

Details of events that have occurred after the balance sheet date are provided in note 28 to the financial statements.

Re-Appointment of Auditors

A resolution to re-appoint Deloitte LLP as auditors to the Company will be put to the Shareholders at the forthcoming AGM.

The Annual General Meeting

The notice convening the AGM on 8 September 2010 at 11:00 am can be found on page 62. Additional information relating to the AGM and the resolutions to be considered by Shareholders can be found on page 64.

Dividend

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2010.

By order of the Board



David Jeffrey
Director
30 July 2010



Serena Tremlett
Director
30 July 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies (Guernsey) Law, 2008, to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for the system of internal controls and for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of the financial statements confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

CORPORATE GOVERNANCE REPORT

Under the AIM Rules there is no regulatory obligation for the disclosure by the Company of its application of and compliance with the provisions of the Combined Code. It is also not a requirement for Guernsey investment funds. Nevertheless, the Company is committed to high standards of corporate governance and, as outlined in the Admission Document, the Directors have sought to comply with the 2006 Combined Code to the extent that it is proportionate and relevant to:

- (i) the size and nature of the Company and its operations; and
- (ii) the Company's particular board and management structure as an investment company.

During the year under review, the Company has complied with the provisions of the Combined Code except as explained below.

Board Composition

During the year under review the Board was comprised of seven non-executive directors of which Mike Luckwell (Chairman), George Bryan Dix, David Jeffreys and Serena Tremlett are considered to be independent of the Manager.

Patrick McKenna is the Chief Executive of Ingenious Media Holdings plc, the ultimate parent company of the Manager, and is not, therefore, considered to be independent. Neil Blackley is a non-executive director of Ingenious Media Holdings plc, the ultimate parent company of the Manager, and is also not considered to be independent. William Simpson is also a non-executive director of Ingenious Asset Management International Limited and FP Holdings Limited which are Guernsey registered companies, wholly-owned within the Ingenious Group and is therefore not considered to be independent. However, the Board believes that the directorships of Patrick McKenna and Neil Blackley allow for enhanced communication between the Company and the Manager as well as closer supervision of the Manager's performance and investment decision making. The Directors therefore believe that these directorships are advantageous to, and do not adversely affect the well balanced nature of the Board or the independence of the Board from the Manager.

Biographical details of each of the Directors can be found on pages 10 and 11 and demonstrate the wide range of skills and experience they bring to the Board.

Board Appointments

Directors are appointed for no fixed term. The Board believes that, in the circumstances of the Company, the contribution of a non-executive director is enhanced by longer, continuous service. However, in accordance with the Company's articles of incorporation and the Combined Code, Patrick McKenna, Neil Blackley and Mike Luckwell will retire from office and seek re-appointment at the AGM.

The Directors' terms of appointment may be inspected by Shareholders at the Company's registered office during normal business hours and at the AGM.

To date, no formal performance evaluation of the Directors or the Board has been undertaken. Specific performance issues will be dealt with as and when they arise. No performance issues arose during the year under review and the Board considers that the individual performance of each of the Directors continues to be effective and to demonstrate their commitment to the role. The Board therefore recommends that Patrick McKenna, Neil Blackley and Mike Luckwell be re-appointed and, accordingly, that Shareholders vote in favour of resolutions 2 to 4 as set out in the Notice.

No senior independent director has been appointed due to the relatively small size of the Board. However, this will be reviewed again during the next financial year and appropriate action taken if this is deemed appropriate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Proceedings

The Board meets at least four times a year and convenes ad hoc meetings as and when required. The following table sets out the number of Board meetings held during the year and the number of meetings attended by each Director:

	Attended	Possible
Mike Luckwell (Chairman)	5	9
Neil Blackley	4	9
George Bryan Dix	7	9
David Jeffreys	7	9
Patrick McKenna	6	9
William Simpson	7	9
Serena Tremlett	7	7

All of the Directors have access to the advice and services of representatives of Morgan Sharpe Administration Limited, the Company Secretary and Administrator, the Manager’s investment team and the Manager’s administrative functions including company secretarial, marketing and finance. The Administrator and Manager provide the Board with appropriate information in a timely manner prior to all Board proceedings and at such other times as may be required by the Directors.

The Directors may also take independent professional advice at the Company’s expense where necessary in the furtherance of their duties and responsibilities.

Board Responsibilities

The Board has delegated investment decisions to the Manager under the terms of a revised investment management agreement. The fund is no longer making investments in new investee companies, but is now focused on managing its existing investments through to exit. The Company will continue to make further investments in existing investee companies where appropriate. The Board believes that terms of this delegation are clearly defined and provide a healthy balance between: (i) maintaining supervision over the Manager’s activities; and (ii) allowing the Manager to make further investments connected to existing investee companies.

The Board has delegated certain administration, custody and secretarial responsibilities to the Administrator under the terms of an administration agreement.

The Board retains overall responsibility for the Company’s affairs, including the determination of its investment policy and compliance with the AIM Rules. Matters specifically reserved for the decision by the Board have been defined.

Board Committees

The Board has appointed an Audit Committee of four non-executive directors, comprising David Jeffreys (Chairman), Bryan Dix, William Simpson, and Serena Tremlett. The Audit Committee meets a minimum of twice a year and operates within clearly defined terms of reference. The main responsibilities of the Audit Committee include monitoring the integrity of the Company’s financial statements and appropriateness of its accounting policies, reviewing the internal control systems and risks which the Company faces and making recommendations to the Board regarding the appointment and independence of the external auditors.

The Audit Committee considers at least annually the performance of the Company’s third party service providers, including the Manager, and reviews their terms of appointment. The following table sets out the number of Audit Committee meetings held during the year and the number of meetings attended by each Audit Committee member:

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Committees (continued)

	Attended	Possible
David Jeffreys (Chairman)	3	4
William Simpson	3	4
Bryan Dix	2	4
Serena Tremlett (appointed 1 July 2009)	2	3

The Directors have not appointed a nominations committee as they consider that this would be disproportionate to the size of the Board. Appointments of any new directors will be determined by the full Board.

No remuneration committee has been appointed by the Board on the basis that the Company has no executive directors or employees. No individual Director is involved in setting his or her own level of remuneration.

Internal Controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

The Audit Committee, reporting to the Board, intend to conduct a review of the effectiveness of the Company's system of internal controls twice a year. Under this review the Audit Committee consider material controls including financial, operational and compliance controls and risk management systems.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement of loss. Reporting to the Board, the Audit Committee has established a process for identifying, evaluating and managing the Company's key risks and will continue to review this process to ensure its adequacy.

Internal Audit Function

The Company and the Group do not have an internal audit function. It delegates most of its operations to third parties and does not employ any staff and the Board therefore believes that such a function would not be appropriate for the Company. However, this will be reviewed by the Audit Committee during the next financial year and appropriate action taken if this is deemed appropriate.

Going Concern

Following the distribution of the returned capital to Shareholders, the Company had approximately £5.5 million of cash. The estimated future operating costs of the Company over the next three years are £3.8 million. These costs are expected to be funded from a combination of the Company's post distribution cash balance, as well as cash retained from future realisations, if required. In the unlikely scenario that insufficient realisations are made over this period, the Company will have sufficient cash to meet its operating costs. The Directors are satisfied under the Companies (Guernsey) Law, 2008 as to the future solvency of the Company for the purposes of distributing the returned capital.

All outstanding funding commitments are, however, at the discretion of the Company and the Manager. If the Company and Manager were to approve draw down of these outstanding commitments, the commitments to the investee companies would be funded from a combination of the post-distribution cash balance of the Company, as well as from additional cash retained from future realisations, if required. Shareholders should note that the implementation of the return of £50.1 million of returned capital, also attracts inherent risks to the Company, such as the Company not being able to realise or realising less than expected for the investee companies. However, in such a case, with respect to its current funding commitments, the Company will retain the flexibility of choosing in which investee companies it will continue to invest, with a view to maximising Shareholder value. Furthermore, in such a case where the Company is unable to pay fees owing to the Manager due to having insufficient cash, the Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of investee companies.

The Board is therefore of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Auditor Independence

The Board considers the scope and effectiveness of the Company's external auditors. The Company's auditors, Deloitte LLP may also provide additional non-audit services to the Company that, in the Board's opinion, will not compromise the independence of Deloitte LLP's audit team. During the year under review, additional non-audit services were provided to the Company and its subsidiaries being tax advice to the value of £43,500.

DIRECTORS' REMUNERATION REPORT

On 17 February 2010, the London Stock Exchange (**LSE**) published AIM Notice 36, together with the February 2010 version of the AIM Rules for Companies (effective from 17 February 2010). Rule 19 has been amended to require disclosure of directors' remuneration in relation to financial years ending on 31 March 2010 or later.

Directors' Remuneration Policy

Pursuant to the Articles, the aggregate fees of the Directors are capped at £200,000 per annum. The fees payable to non-executive directors reflect their expertise, responsibilities and time spent on Company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. Subject to the Articles, the Directors intend to continue to operate this remuneration policy for the forthcoming financial year and thereafter.

Appointment Letters

Each Director has executed an appointment letter which provides whether he or she is to receive an annual fee and includes provision for the Director to be reimbursed for any reasonable out-of-pocket expenses. These appointment letters state that a Director shall remain in office unless he or she: resigns as a Director; is removed from office by the Board or the members of the Company; or becomes prohibited by law from being a Director.

The appointment letters do not provide for compensation upon early termination of appointment. There are no set minimum notice periods in the Directors' appointment letters but all Directors are subject to retirement by rotation. None of the Directors has a service contract.

The Company has adopted a code for Directors' share dealings which is appropriate for an AIM-listed company. The Directors will comply with Rule 21 of the AIM Rules relating to restrictions on Directors' dealings during a close period.

Directors' Remuneration

The following table shows a breakdown of the remuneration of individual Directors:

Director	Year ended 31 March 2010	
	Fees	
		£'000
Neil Blackley		25
George Bryan Dix		15
David Jeffreys		15
Mike Luckwell		45
Patrick McKenna		-
William Simpson		15
Serena Tremlett		14
		129

Patrick McKenna has elected not to receive any remuneration for his services as a Director.

The Company has granted share options of 750,000 shares to Neil Blackley and 750,000 shares to Mike Luckwell. The options have an exercise price of £1 and will vest over five years (with one fifth of the shares vesting each year, commencing from 4 April 2007 for Neil Blackley and from 24 January 2009 for Mike Luckwell), or immediately on the signing of a contract for the sale of the entire (or substantially the entire) issued share capital or business undertaking of the Company or on their appointment as a Director of the Company being terminated without cause by the Company. The options will expire 10 years from the date of the grant (being 4 April 2006 for Neil Blackley and 24 January 2008 for Mike Luckwell), unless there is any early expiration in accordance with the terms of the grant.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Directors' Remuneration (continued)

No expenses in relation to reimbursing travel costs incurred to attend board meetings were paid directly to any Director in the year. The Company is liable to repay the travel costs incurred by the Manager in attending meetings with the investee companies and attendance at board meetings. No contributions are made on behalf of the Directors to any pension scheme. No Director has received any bonuses, taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 March 2010.

In respect of this year, the Company has purchased (and continues to maintain) liability insurance covering the Directors and officers of the Company.

By order of the Board



David Jeffreys
Director
30 July 2010



Serena Tremlett
Director
30 July 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

We have audited the financial statements (the **financial statements**) of Ingenious Media Active Capital Limited and its subsidiaries (the **Group**) for the year ended 31 March 2010 which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity, the Statement of Accounting Policies and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and whether the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you whether, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report, the Directors' Remuneration Report, the Manager's Review and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS MEDIA ACTIVE CAPITAL LIMITED
(CONTINUED)**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's and the Company's affairs as at 31 March 2010 and of the Group's and the Company's loss for the year ended 31 March 2010 and have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.



Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands

30 July 2010

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

Legislation in Guernsey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Note	Year ended 31 March 2010 £ '000	Year ended 31 March 2009 £ '000
Revenue	1f	277	432
Other operating expenses	1g	(1,361)	(1,311)
Investment revenue	1f	341	2,758
Losses on investments at fair value through profit or loss	1d	(6,476)	(32,332)
Gain on disposal of investment		43	-
Investment management fees	27	(1,793)	(1,977)
Loss before taxation	2	(8,969)	(32,430)
Income tax expense	4	-	-
Loss for the year		(8,969)	(32,430)
Loss per share (basic and diluted pence per share)	5	(6.26)	(23.04)

All income is attributable to the Ordinary Shareholders of the Company unless otherwise stated.

All revenue and expenses are derived from continuing operations unless otherwise stated.

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

INGENIOUS MEDIA ACTIVE CAPITAL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Note	Year ended 31 March 2010 £ '000	Year ended 31 March 2009 £ '000
Continuing operations			
Revenue	1f	44,274	46,590
Cost of sales	1g	(26,992)	(31,112)
Other operating expenses	1g	(20,433)	(22,254)
Investment revenue	1f	369	3,517
Income from associates		1,275	740
Gains/(losses) on investments at fair value through profit or loss	14	599	(20,430)
Gain on disposal of investment		43	-
Impairment of goodwill	6	(3,203)	(7,916)
Impairment of intangible assets	7	(1,904)	(1,693)
Investment management fees	27	(1,793)	(1,977)
Finance costs		(640)	(222)
Loss before taxation	2	(8,405)	(34,757)
Income tax expense	4	(709)	(77)
Loss for the year from continuing operations		(9,114)	(34,834)
Discontinued operations			
Profit for the year from discontinued operations	12,13	81	2,629
Minority interests	25	(296)	2,187
Loss for the year		(9,329)	(30,018)
Loss per share on continuing operations (basic and diluted pence per share)			
	5	(6.58)	(24.74)
Earnings per share on discontinued operations (basic and diluted pence per share)			
	5	0.06	1.87
Loss per share (basic and diluted pence per share)			
	5	(6.52)	(22.87)

All income is attributable to the Ordinary Shareholders of the Company unless otherwise stated.

All revenue and expenses are derived from continuing operations unless otherwise stated.

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	Note	31 March 2010 £ '000	31 March 2009 £ '000
Non current assets			
Investment in subsidiaries	9	32,898	38,416
Financial assets at fair value through profit or loss	14	1,109	-
		34,007	38,416
Current assets			
Trade and other receivables	15	231	795
Cash and cash equivalents	16	55,768	60,460
		55,999	61,255
Current liabilities			
Trade and other payables	17	(325)	(1,129)
Net current assets		55,674	60,126
Net assets		89,681	98,542
Equity			
Share premium account	22	71,275	71,275
Distributable reserve	23	70,663	70,663
Shares held in treasury	21	(515)	(515)
Retained earnings		(51,742)	(42,881)
Total equity		89,681	98,542
Net asset value (basic and diluted pence per share)	24	62.64	68.83

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board and authorised for issue on 30 July 2010.

Signed on behalf of the Board:



David Jeffrey
Director



Serena Tremlett
Director

INGENIOUS MEDIA ACTIVE CAPITAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	Note	31 March 2010 £ '000	31 March 2009 £ '000
Non current assets			
Goodwill	6	13,930	18,197
Other intangible assets	7	8,662	9,099
Fixtures, fittings and equipment	8	466	784
Financial assets at fair value through profit or loss	14	7,251	5,233
Investments in associates	11	32	(1,008)
Deferred tax assets		-	3
		30,341	32,308
Current assets			
Inventories		681	638
Trade and other receivables	15	23,882	30,139
Cash and cash equivalents	16	68,888	74,217
		93,451	104,994
Current liabilities			
Trade and other payables	17	(33,752)	(35,168)
Current tax liabilities		(58)	(454)
		(33,810)	(35,622)
Net current assets		59,641	69,372
Non current liabilities			
Long term third party loans	18	(2,701)	(4,050)
Deferred tax		(4)	(4)
Deferred consideration	19	(2,959)	(4,135)
Net assets		84,318	93,491
Equity			
Share premium account	22	71,275	71,275
Distributable reserve	23	70,663	70,663
Shares held in treasury	21	(515)	(515)
Retained earnings		(60,812)	(51,414)
Foreign currency translation reserve		39	110
Equity attributable to equity holders of the parent		80,650	90,119
Minority interests	25	3,668	3,372
Total equity		84,318	93,491
Net asset value (basic and diluted pence per share)	24	56.33	65.30

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board and authorised for issue on 30 July 2010.

Signed on behalf of the Board:



David Jeffreys
Director



Serena Tremlett
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

	Note	Share premium account £ '000	Distributable reserves £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Total equity £ '000
Balance at 31 March 2009		71,275	70,663	(515)	(42,881)	98,542
Recognition in respect of share-based payments	1r	-	-	-	108	108
Retained losses for the year		-	-	-	(8,969)	(8,969)
Balance at 31 March 2010		71,275	70,663	(515)	(51,742)	89,681

for the year ended 31 March 2009

	Note	Share premium account £ '000	Distributable reserves £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Total equity £ '000
Balance at 31 March 2008		71,275	73,092	-	(10,559)	133,808
Share purchases	23	-	(2,429)	(515)	-	(2,944)
Recognition in respect of share-based payments	1r	-	-	-	108	108
Retained losses for the year		-	-	-	(32,430)	(32,430)
Balance at 31 March 2009		71,275	70,663	(515)	(42,881)	98,542

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

INGENIOUS MEDIA ACTIVE CAPITAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

	Note	Share premium account £ '000	Distributable reserves £ '000	Translation reserve £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Minority interest £ '000	Total equity £ '000
Balance at 31 March 2009		71,275	70,663	110	(515)	(51,414)	3,372	93,491
Recognition in respect of share-based payments	1r	-	-	-	-	108	-	108
Other reserve movements		-	-	(71)	-	(177)	-	(248)
Retained losses for the year		-	-	-	-	(9,329)	296	(9,033)
Balance at 31 March 2010		71,275	70,663	39	(515)	(60,812)	3,668	84,318

for the year ended 31 March 2009

	Note	Share premium account £ '000	Distributable reserves £ '000	Translation reserve £ '000	Shares held in treasury £ '000	Retained earnings £ '000	Minority interest £ '000	Total equity £ '000
Balance at 31 March 2008		71,275	73,092	-	-	(21,681)	1,349	124,035
Share purchases	23	-	(2,429)	-	(515)	-	-	(2,944)
Recognition in respect of share-based payments	1r	-	-	-	-	108	-	108
Minority interest on acquisition of subsidiary	25	-	-	-	-	-	4,210	4,210
Other reserve movements		-	-	110	-	177	-	287
Retained losses for the year		-	-	-	-	(30,018)	(2,187)	(32,205)
Balance at 31 March 2009		71,275	70,663	110	(515)	(51,414)	3,372	93,491

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

	Year ended 2010	Year ended 2009
Note	£ '000	£ '000
Net cash flow from operating activities	(2,625)	431
Investing activities		
Purchase of investments (net of arrangement fees)	(408)	(600)
Acquisition of subsidiary undertakings (net of arrangement fees)	(2,146)	(19,434)
Sale of investment	9 487	1,788
Net cash flow used in investing activities	(2,067)	(18,246)
Financing activities		
Share purchases	23 -	(2,429)
Purchase of own shares to hold in treasury	21 -	(515)
Net cash flow used in financing activities	-	(2,944)
Net decrease in cash and cash equivalents	(4,692)	(20,759)
Cash and cash equivalents at beginning of year	60,460	81,219
Cash and cash equivalents at end of year	55,768	60,460

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation	(8,969)	(32,430)
Fair value loss on financial assets	6,476	32,332
Recognition of share based payment	108	108
Decrease/(increase) in amounts receivable	564	(305)
(Decrease)/increase in amounts payable	(804)	726
Net cash flow from operating activities	(2,625)	431

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

INGENIOUS MEDIA ACTIVE CAPITAL

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

	Year ended 2010	Year ended 2009
Note	£ '000	£ '000
Net cash flow from operating activities	(4,640)	(1,152)
Investing activities		
Purchase of investments (net of arrangement fees)	(408)	(599)
Acquisition of subsidiary undertakings	10 (114)	(13,711)
Sale of investment	487	1,788
Acquisition of intangibles	7 (377)	(226)
Disposal of non current assets	-	1,382
Purchases of fixtures, fittings and equipment	8 (161)	(784)
Cash deconsolidated on disposal of discontinued operations	13 (57)	(189)
Net cash flow used in investing activities	(630)	(12,339)
Financing activities		
Share purchases	23 -	(2,429)
Purchase of own shares to hold in treasury	-	(515)
Dividends received from associates	-	934
Third party borrowings	-	1,165
Net cash flow used in financing activities	-	(845)
Net decrease in cash and cash equivalents	(5,270)	(14,336)
Cash and cash equivalents at beginning of year	74,217	88,404
Effect of foreign exchange rate changes	(59)	149
Cash and cash equivalents at end of year	68,888	74,217
Cash flow from operating activities		
Loss before taxation	(8,405)	(32,218)
Fair value (gain)/loss on financial assets	(599)	20,430
Recognition of share based payment	108	108
Impairment of goodwill	6 3,203	7,916
Impairment of intangible assets	7 1,904	1,693
Amortisation of intangible assets	7 304	127
Decrease in amounts receivable	2,235	196
Decrease in amounts payable	(3,478)	(830)
(Increase)/decrease in inventories	(43)	655
Depreciation of fixtures, fittings and equipment	8 288	823
Other	(157)	(52)
Net cash flow from operating activities	(4,640)	(1,152)

The notes on pages 33 to 60 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2010

1. Summary of significant accounting policies

Reporting entity

Ingenious Media Active Capital Limited (the **Company**) is a closed-end investment company with limited liability formed under the Companies Law of Guernsey, and its shares are admitted to trading on AIM. The Company was incorporated and registered in Guernsey on 11 April 2006. The Company's registered office is Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey. The **Group** is defined as the Company and its subsidiaries.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (**IFRS**), which comprise standards and interpretations approved by the International Accounting Standards Board (the **IASB**), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (**IASC**) that remain in effect, together with applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the UK Listing Authority.

These financial statements have been prepared on the historical cost basis, as modified by the measurement at fair value of investments and financial instruments.

There have been no material changes in accounting policies during the year.

Going concern

The financial statements have been prepared on the going concern basis. IMAC currently holds adequate cash balances to meet the payment of funds committed to its investee companies as they fall due. Following the distribution of the returned capital to Shareholders on 28 May 2010, the Company had approximately £5.5 million of cash. The estimated future operating costs of the Company over the next three years are £3.8 million. These costs are expected to be funded from a combination of the Company's post distribution cash balance, as well as cash retained from future realisations, if required. In the unlikely scenario that insufficient realisations are made over this period, the Company will have sufficient cash to meet its operating costs.

All outstanding funding commitments are, however, at the discretion of the Company and the Manager. If the Company and Manager were to approve draw down of these outstanding commitments, the commitments to the investee companies would be funded from a combination of the post-distribution cash balance of the Company, as well as from additional cash retained from future realisations, if required. Shareholders should note that the return of capital also attracts inherent risks to the Company, such as the Company not being able to realise or realising less than expected for the investee companies. However, in such a case, with respect to its current funding commitments, the Company will retain the flexibility of choosing in which investee companies it will continue to invest, with a view to maximising Shareholder value. Furthermore, in such a case where the Company is unable to pay fees owing to the Manager due to having insufficient cash, the Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of investee companies. The Board is therefore of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

Use of estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingencies at the date of the Group's financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates in the Group's financial statements include the amounts recorded for the fair value of the investments and recoverable value of goodwill and other intangible assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Group's financial statements of changes in estimates in future periods could be significant. In the current economic conditions the number of transactions and market prices are depressed. In these circumstances the fair value of the Company's investments and recoverable value of goodwill and other intangible assets cannot be estimated as easily as when there are greater levels of market activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Use of estimates (continued)

The current market conditions are such that many of the Group's investments are loss making and some may require further cash injection in the future. In each case, the Manager has implemented measures to reduce operating costs and stimulate revenue growth for these investments in order to limit future funding requirements and increase investment value with a view to realisation in an orderly fashion over an extended period. As explained in note 6, the valuations undertaken by the Company are based upon a mixture of bases using revenue, contribution and earnings multiples in light of the measures noted above.

As noted on page 12 the decision was taken by the Board post year-end to make a capital distribution to Shareholders of £50.1 million and to change the Company's investment policy to limit any further commitments to funding and developing existing investments. Post distribution, the Company has much reduced available cash resources which could limit its ability to fund its investments going forward.

Financial instruments

Financial assets

Financial assets are divided into the following categories:

- loans and receivables, including cash and cash equivalents;
- fair value through profit or loss.

Financial assets are assigned to the different categories on initial recognition depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in the Consolidated Statement of Comprehensive Income or charged directly against equity. All income and expenses in respect of financial assets held by the Group in the year under review are recognised in the Consolidated Statement of Comprehensive Income. Generally the Group recognises all financial assets using trade date accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income relating to financial assets is recognised in the Consolidated Statement of Comprehensive Income under the heading "revenue" and interest payable is recognised under the heading "finance costs".

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Group's trade and other receivables fall into this category of financial asset and are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Discounting is omitted where its effect is immaterial. Individual receivables are considered for impairment when they are overdue or when there is objective evidence that the debtor will default.

Financial assets at fair value through profit or loss include financial assets that are classified as held for trading. The Group's financial assets fall into this category. Fair values of securities listed in active markets are determined by the current bid prices. Where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This may include, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

Financial liabilities

Financial liabilities are divided into the following categories:

- other financial liabilities;
- fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial instruments (continued)

Financial liabilities (continued)

Other financial liabilities include the Group’s trade and other payables and are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at fair value through profit or loss include “out-of-money” commodity futures. They are carried on the consolidated statement of financial position at fair value determined by current market prices.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require a classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measured. Financial assets and liabilities are classified in their entirety into only one of the three levels.

	Company		Consolidated	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Level 1	1,109	-	1,109	-
Level 2	-	-	-	-
Level 3	32,898	38,416	6,142	5,233
	34,007	38,416	7,251	5,233

Adoption of new and revised standards

The following new standards and amendments to standards are mandatory for the first time for annual periods beginning on or after 1 January 2009:

- The revised IAS 1, “Presentation of Financial Statements” prohibits the presentation of items of income and expenses (that are “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from “owner changes in equity”. All “non-owner changes in equity” are required to be shown in a performance statement.
- Entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive income). The Company has elected to present one statement; a Statement of Comprehensive Income. The financial statements have been prepared under the revised disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- On 30 November 2006, the International Accounting Standards Board issued IFRS 8, “Operating Segments”, which replaced IAS 14 “Segment Reporting”. This puts an emphasis on the “management approach” to reporting on operating segments. Other than the additional disclosures, the adoption of this standard has no impact on these financial statements.
- An amendment to IAS 32, “Financial Instruments: Presentation” clarifies under which circumstances puttable financial instruments and obligations arising on liquidation have to be treated as equity instruments. The adoption of the amendment does not have any impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of new and revised standards (continued)

- An amendment to IFRS 7, “Financial Instruments: Disclosures” was issued by the International Accounting Standards Board on 5 March 2009. The amendment requires the inclusion of an explicit three-level fair value hierarchy which groups fair value measurements based on their observability and requires numerical disclosure of fair values recognised in tabular format organised by the level within each hierarchy. The adoption of the amendment does not have any impact on these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 1 (amended)/IAS 27 (amended) “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”
- IFRS 2 (amended) “Share-based Payment – Vesting Conditions and Cancellations”
- IFRS 3 (revised 2008) “Business Combinations”
- IFRS 9 (revised 2009) “Financial Instruments: Classification and Measurement”
- IAS 27 (revised 2008) “Consolidated and Separate Financial Statements”

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for:

- treatment of acquisitions of subsidiaries when IFRS 3 comes into effect for the business combinations for which the acquisition date is on or after the beginning of the first annual period on or after 1 July 2009;
- treatment of acquisition costs associated with subsidiaries when IFRS 3 comes into effect for the business combinations for which the acquisition date is on or after the beginning of the first annual period on or after 1 July 2009; and
- treatment of minority interest losses when IAS 27 comes into effect for non-controlling interests for annual periods beginning on the first annual period on or after 1 July 2009.

Principle Accounting Policies

a. Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and the Group made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, revenue and expenses are eliminated on consolidation.

b. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Goodwill is reviewed for impairments annually.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Principle Accounting Policies (continued)****b. Business combinations (continued)**

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

c. Functional currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in GBP (£), which is the Company's functional and presentational currency.

Transactions in currencies other than sterling are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into sterling at foreign exchange rates ruling at the dates the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Where the average exchange rates fluctuate significantly, material income and expenses must be translated at the exchange rate prevailing on the date of the transaction. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate prevailing on the balance sheet date.

d. Financial assets at fair value through profit or loss

Investments, including equity and loan investments, in subsidiaries are designated as fair value through profit or loss in accordance with International Accounting Standard 39 (**IAS 39**) Financial Instruments: Recognition and Measurement, as the Company is an investment company whose business is investing in financial assets with a view to profiting from their total return in the form of interest and changes in fair value. Investments are initially recognised at cost. The investments are subsequently re-measured at fair value, as determined by the Directors. Unrealised gains or losses arising from the revaluation of investments are taken directly to the income statement.

Fair value is determined as follows:

Unquoted securities are valued based on the realisation value which is estimated by the Directors with prudence and good faith. The Directors will take into account the guidelines and principles for valuation of investee companies set out by the International Private Equity and Venture Capital (**IPEV**) association, with particular consideration of the following factors:

- Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- In estimating fair value for an investment, the Company will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investments and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations.
- An appropriate methodology incorporates available information about all factors that are likely to materially affect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Principle Accounting Policies (continued)

d. Financial assets at fair value through profit or loss (continued)

The most widely used methodologies are listed below. In assessing which methodology is appropriate, the Directors are predisposed towards those methodologies that draw upon market-based measures of risk and return.

- Cost of recent investment
- Earnings multiple
- Net assets
- Available market prices

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

The Group has determined that the valuations are most sensitive to changes in the following key assumptions:

- Annual budgets and cash flow projections for each individual investment. These are based on actual budgets and cash flows and projections discussed with and approved by management for a period of one year to five years depending on the investment;
- Growth rates used to extrapolate cash flows beyond the budget period. The rate used in each case represents the forecast rate which is in a range from 0 per cent. to 10 per cent.;
- The rates used in discounting cash flows. The rate used in each case represents the approximate weighted cost of each investment based on current financing and equity arrangements and ranged from 5 per cent. to 10 per cent. depending on the investment;
- Comparable earnings multiples. A number of investments are valued using comparable listed and other industry multiples which range from 2.2 to 8 times earnings depending on the investment.

As a result of the above basis of valuation, there is significant judgement associated with the valuation of investments.

e. Arrangement fees

Under the terms of the investment agreements between the Company and its investee companies, the investee companies are required to pay to the Company an arrangement fee in consideration for its services in arranging financing for the investee company. In accordance with IAS 39, this arrangement fee is deducted from the cost of the investment. A corresponding increase in the fair value of the investment is then recorded so that the investment is valued at the gross amount paid.

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Where appropriate, revenue is recorded in the income statement on the basis that there is a legally binding contract in place and there is virtual certainty of fulfilment of any conditionality attached to the contract.

Interest income is included on an accruals basis using the effective interest method.

Dividend income from investments is recognised when the Group's rights to receive payments have been established.

g. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the income statement except where they relate to capital expenditure or the raising and maintenance of capital.

h. Other intangible assets

Acquired trademarks, licenses and customer relationship are initially recognised at fair value. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of trademarks, licenses and customer relations over their estimated useful lives (being a period of up to 10 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Principle Accounting Policies (continued)****i. Fixtures, fittings and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, (being between two and five years) using the straight-line method.

j. Investee company interests in joint ventures

Investee company interests in jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity are recognised using the equity method of accounting. The investment is initially recognised at cost under interests in associates, and adjusted thereafter for the post-acquisition change in the investee company's share of net assets of the joint venture. The investee company's share of the profit or loss of the joint venture is included under 'other revenue and expenses'.

This accounting policy differs from that applied by the Company in accounting for its interests in associates, which are designated as financial assets at fair value through profit or loss.

k. Investee company interests in associates

Investee company interests in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, investments in the associates are carried in the consolidated balance sheet at cost plus post acquisition changes in the consolidated entity's share of net assets of the associates.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the consolidated entity are identical and the associates' accounting policies conform to those used by the consolidated entity for like transactions and events in similar circumstances.

l. Trade and other receivables

Trade and other receivables are initially recognised at fair value. A provision for impairment of trade receivables is established when there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivables.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

n. Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost using the effective interest method.

o. Deferred consideration

A number of investee company acquisitions have been made on deferred payment terms. These deferred payments are generally contingent on the future revenue and/or profits achieved by the investee company. Amounts of deferred consideration payable after one year, are discounted using discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the investee company. This contingent deferred consideration is reassessed annually, and the difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the income statement and credited to the liability over the period in which the consideration is deferred.

p. Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Principle Accounting Policies (continued)

q. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

r. Share options

Share options have been granted as set out in note 20. The Company accounts for the fair value of these options at grant date over the vesting period in the income statement, with a corresponding increase to equity. The fair value has been calculated based on the Black Scholes Model using the following inputs:

- Share price 97.50 pence
- Exercise price 100.00 pence
- Expected volatility 11.55 %
- Expected life 10 years
- Risk free rate 4.413 %
- Expected dividends NIL

2. Loss before taxation

The loss before taxation has been arrived at after charging:

	Company		Consolidated	
	Year ended 2010 £ '000	Year ended 2009 £ '000	Year ended 2010 £ '000	Year ended 2009 £ '000
Staff costs	-	-	12,590	14,805
Directors' fees	129	125	129	125
Recognition of share-based payment	108	108	108	108
Depreciation – fixtures, fittings and equipment	-	-	288	823
Rental and lease expenses	-	-	1,169	824
Bad debts - written off	-	-	1	-
Bad debts – increase in estimated doubtful debts	-	205	-	206
Auditors' remuneration	165	165	316	377
Auditors – non audit remuneration	-	-	2	24

3. Operating segments

The information in this note has been prepared using the definition of an operating segment in IFRS 8: Operating Segments. The Group determines and presents the information that is provided internally to the Directors to enable them to assess performance and allocate resources.

The chief operating decision-maker has been identified as the Board, which reviews the Company's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

As an investment company, the Group's primary focus is on the performance of its investment portfolio. Whilst there are a number of individual investments included in this portfolio, performance is reviewed for the portfolio as a whole on the basis of its fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. Operating segments (continued)**

The Directors believe that the Company and the Group are engaged in a single segment of business of holding investments in media and entertainment companies, operating solely from Guernsey and therefore the Directors only recognise a single class of assets. The information reviewed by the Board does include summarised financial information for each investment in the portfolio, however, this is not sufficiently detailed to provide any segmental analysis and hence only a single segment has been identified.

	Segment revenue		Segment profit/(loss)	
	Year ended 2010 £ '000	Year ended 2009 £ '000	Year ended 2010 £ '000	Year ended 2009 £ '000
Segment revenues and results				
Investments portfolio	44,274	46,590	8,192	(23,139)
Total for continuing operations	44,274	46,590	8,192	(23,139)
Share of profit of associates			1,275	740
Central administration costs and directors' salaries			(20,433)	(22,254)
Finance costs			(640)	(222)
Consolidation adjustments			3,201	10,118
Loss before tax			(8,405)	(34,757)

To reconcile group profit and loss and total assets 'Consolidation adjustments' comprise the difference between the aggregate fair value and the total assets of subsidiaries and joint ventures and the investee company's liabilities.

	Year ended 2010 £ '000	Year ended 2009 £ '000
Segment assets		
Investments portfolio	123,792	137,302
Total segment and consolidated assets	123,792	137,302
Segment liabilities		
Investments portfolio	39,474	43,811
Total segment and consolidated liabilities	39,474	43,811

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Operating segments (continued)

Geographical information	Revenue from external customers		Non current assets	
	Year ended	Year ended	Year ended	Year ended
	2010	2009	2010	2009
	£ '000	£ '000	£ '000	£ '000
United Kingdom	21,685	26,307	29,592	31,650
Europe (excluding UK)	13,168	10,547	58	358
Other	9,421	9,736	691	300
	44,274	46,590	30,341	32,308

Major clients

The Group is not reliant on one major customer as no one customer accounts for more than 10 per cent. of the Group's revenue.

4. Income tax expense

The Company has been granted exemption from income tax in Guernsey under the Income Tax (Exempt Bodies) (Bailiwick of Guernsey) Ordinance 1989, and is liable to pay an annual fee (currently £600) under the provisions of the Ordinance. As such it will not be liable to income tax in Guernsey other than on Guernsey source income (excluding deposit interest on funds deposited with a Guernsey bank). No withholding tax is applicable to distributions to Shareholders by the Company.

The subsidiary companies are resident in the UK and liable to UK Corporation Tax. Group relief on operating losses may be available between those United Kingdom resident investee companies in which the Company holds not less than 75 per cent. of the ordinary share capital.

	Consolidated	
	Year ended	Year ended
	2010	2009
	£ '000	£ '000
Loss before taxation	(8,405)	(32,218)
Tax rate in Guernsey 0%	-	-
Adjustments:		
For foreign tax rates	572	3,100
Non deductible expenses	194	(145)
Expenses from prior year allowed in current year	(48)	-
Deferred tax not recognised	(1,147)	(3,225)
Depreciation in excess of capital allowances	8	(7)
Prior year adjustment	(444)	-
Withholding tax charge	(397)	-
Utilisation of prior year losses	280	196
Lower rate of tax in subsidiary	-	4
Small companies relief	(4)	-
Consortium relief	277	-
Tax expense	(709)	(77)
Losses carried forward	(23,510)	(20,414)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. Loss per share**

The calculation of basic and diluted return per share is based on the return on ordinary activities and on 143,168,463 Ordinary Shares (2009: 140,784,642), being the weighted average number of shares for the purpose of the earnings per share calculation.

6. Goodwill

	Consolidated	
	2010	2009
	£ '000	£ '000
Cost		
Balance at the beginning of the year	37,505	28,217
Recognised on acquisition of a subsidiary	149	15,103
Purchased goodwill	144	-
Adjustment to brought forward cost	(32)	-
Reallocation to intangibles	(1,325)	(5,815)
Balance at the end of the year	36,441	37,505
Accumulated impairment losses		
Balance at the beginning of the year	(19,308)	(7,213)
Impairment losses for the year		
Continuing operations	(3,203)	(7,916)
Discontinued operations	-	(4,179)
Balance at the end of the year	(22,511)	(19,308)
Carrying amount at the end of the year	13,930	18,197

The goodwill has arisen principally on the Company's subsidiary acquisitions by: Two Way Media Holdings Limited of Two Way Media Limited; Brand Events Holdings Limited of Brand Events Limited; Digital Rights Group Limited (**DRG**) of Portman Film and Television Limited; Review Centre Limited of Resource Team Limited; and QobliQ Limited of Nouveau Jour SAS, SponsorClick SAS, Arena International Limited and Arena Sports Marketing Limited.

Included within goodwill are other intangible assets which were not separately identified at acquisition, the Company will review the treatment of these assets over the next 12 months and make any appropriate adjustments to the categorisation of these assets. In the current year DRG has recognised intangible assets in the form of trademarks and licences.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has invested in a broad range of high growth companies within the media sector. The Directors view each investment as an individual cash generating unit as this represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill has been allocated for impairment testing purposes to eight individual cash-generating units.

The carrying amount of goodwill and intangible assets with indefinite useful lives is as follows:

	Goodwill	Intangible assets with
	£ '000	indefinite useful lives
		£ '000
Investments	13,930	6,395

During the year ended 31 March 2010, the Group has determined that there has been an impairment of a number of its cash-generating units containing goodwill or intangible assets with indefinite useful lives amounting to £4,241k (2009: £12,095k). The impairment of goodwill and intangible assets has resulted from the difficult market and trading conditions experienced by the investee companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Goodwill (continued)

The recoverable amounts (i.e., the higher of value in use and fair value less costs to sell) of those units and group of units are determined using either the value in use or the fair value less cost to sell methodologies as the Directors determine as appropriate.

	Goodwill £ '000	Intangible assets with indefinite useful lives £ '000
Value in use	-	-
Fair value less costs to sell	13,930	6,395
Total	13,930	6,395

The Group has determined that the recoverable amount calculations are most sensitive to changes in the following key assumptions:

- a. Annual budgets and cash flow projections for each individual investment. These are based on actual budgets and cash flows and projections discussed with and approved by the Manager for a period of one year to five years depending on the investment;
- b. Growth rates used to extrapolate cash flows beyond the budget period. The rate used in each case represents the forecast rate which is in a range from 0 per cent. to 10 per cent.;
- c. The rates used in discounting cash flows. The rate used in each case represents the approximate weighted cost of each investment based on current financing and equity arrangements and ranged from 5 per cent. to 10 per cent. depending on the investment;
- d. Comparable earnings multiples. A number of investments are valued using comparable listed and other industry multiples which range from 2.2 to 8 times earnings depending on the investment.

The Directors have applied the accounting policy outlined in note 1d to determine the recoverable amount of cash-generating units where the fair value less cost to sell methodology applies.

7. Other intangible assets

	Consolidated	
	2010 £ '000	2009 £ '000
Cost or valuation		
Balance at the beginning of the year	11,161	3,320
Additions in year	377	266
Reclassification	1,325	5,815
Recognised on acquisition of a subsidiary	69	1,760
Balance at the end of the year	12,932	11,161
Amortisation		
Balance at the beginning of the year	(369)	(242)
Charge for the year	(304)	(127)
Balance at the end of the year	(673)	(369)
Impairment		
Balance at the beginning of the year	(1,693)	-
Charge for the year	(1,904)	(1,693)
Balance at the end of the year	(3,597)	(1,693)
Carrying amount at the end of the year	8,662	9,099

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. Other intangible assets (continued)**

Acquired trademarks, licenses and customer relationships are initially recognised at fair value. Trademarks and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Show formats and some licenses have indefinite lives. Amortisation is calculated using the straight line method to allocate the cost of trademarks, licenses and customer relationships over their estimated useful lives (being a period of up to 10 years). The value of intangible assets with indefinite useful lives is disclosed in note 6, above.

8. Fixtures, fittings and equipment

	Consolidated	
	2010	2009
	£ '000	£ '000
Cost or valuation		
Balance at the beginning of the year	1,786	1,519
Additions in year	161	784
Cost value of disposals in year	(353)	(621)
Recognised on acquisition of a subsidiary	-	104
Balance at the end of the year	1,594	1,786
Accumulated depreciation		
Balance at the beginning of the year	(1,002)	(476)
Accumulated depreciation on disposals during the year	162	297
Charge for the year	(288)	(823)
Balance at the end of the year	(1,128)	(1,002)
Carrying amount at the end of the year	466	784

9. Investment in subsidiaries

	Company	
	2010	2009
	£ '000	£ '000
Opening fair value at the beginning of the year	38,416	32,669
Reclassifications	(1,000)	-
Purchases at cost	2,281	19,736
Investment repaid	(487)	(1,788)
Fair value adjustment	(6,312)	(12,201)
Closing fair value at the end of the year	32,898	38,416

Reclassification includes the 4,266,667 shares received in NetPlay TV plc from Two Way Media Holdings Limited as repayment of loan notes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investment in subsidiaries (continued)

Name of subsidiary undertaking	Class of share	% of class held	Country of incorporation	Principal activity	Full commitment (£'000)	Paid as at 31 March 2010 (£'000)	Paid as at 31 March 2009 (£'000)
Whizz Kid Entertainment Limited	Ordinary	47.1%	UK	Television production	4,250	2,750	2,750
Digital Rights Group Limited	Ordinary	84.7%	UK	Television distribution	11,270	8,274	8,274
Outside Line Limited	Ordinary	0.0%	UK	Digital marketing & creative agency	1,500	1,000	1,000
Two Way Media Holdings Limited	Ordinary	84.3%	UK	Interactive television company	4,935	4,655	4,435
Enigmas2 Limited (formerly In2Games Limited)	Ordinary	43.8%	UK	Video games business	4,560	4,560	4,560
Brand Events Holdings Limited	Ordinary	67.0%	UK	Consumer events business	9,080	8,583	6,620
QobliQ Limited	Preference	73.4%	UK	Marketing services	12,567	12,367	12,367
Review Centre Limited	Ordinary	71.5%	UK	Internet/New media	7,034	7,034	7,034
Ingenious Ventures LP	N/a	90.0%	UK	Investment vehicle	6,065	4,826	4,728
Total					61,261	54,049	51,768

An investee company is classified as a subsidiary where the Company can achieve control either:

- by obtaining more than 51 per cent. of the equity of the investee company; or
- where there is sufficient power to govern the financial and operating policies of the investee company so as to obtain the economic benefits from its activities.

Ingenious Ventures LP holds the investment in Stage Three Music Limited, until its liquidation following the sale of its assets, and continues to hold its investment in Cream Holdings Limited.

Crystal Entertainment Limited

IMAC has reduced its commitment in Crystal Entertainment Limited (**Crystal**). Under the terms of the initial Subscription Agreement, IMAC's commitment was £2.5 million. On 7 May 2009, under a new shareholder agreement, IMAC sold 57,500 shares in Crystal to Charles Garland. IMAC now holds 10 per cent. of the equity of Crystal. No further advances are owed and the commitment has been reduced to the value of the drawdown to 31 March 2009. IMAC will no longer consolidate Crystal as a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investment in subsidiaries (continued)

Two Way Media Holdings Limited

Following the repayment of loan notes by way of the 4,266,667 shares received in NetPlay TV plc, IMAC has reduced its commitment to Two Way Media Holdings Limited to £4.9 million.

Undrawn Commitments

All outstanding funding commitments are at the discretion of the Company and the Manager.

10. Acquisition of subsidiaries

During the year the Group acquired a controlling interest in Taste of Christmas Live Limited and has made an adjustment to the value of the acquisitions of Arena International Limited and Arena Sports Marketing Limited (**Arena**), both resulted in goodwill arising. The fair value of assets acquired and liabilities assumed were as follows:

	2010 £ '000	2009 £ '000
Purchased goodwill	144	-
Intangibles	69	1,760
Fixtures and fittings	-	104
Cash and cash equivalents	-	2,302
Accounts receivable	42	2,194
Trade payables	(191)	(3,332)
Minority interest	-	(558)
Interests in associates	-	5,233
Net assets acquired	64	7,703
Goodwill on consolidation	149	15,103
Total consideration	213	22,806
Total consideration satisfied by:		
Cash	114	16,013
Loan notes issued	-	-
Consideration shares	-	3,096
Deferred consideration	50	2,890
Other	49	807
	213	22,806
Net cash outflow arising on acquisition:		
Cash consideration	114	16,013
Cash and cash equivalents acquired	-	(2,302)
	114	13,711

The goodwill arising on the acquisition and the acquisition adjustment is attributable to the anticipated profitability of the Group's products and services.

Included within the consolidated retained loss for the year is a loss of £0.1 million (2009: loss of £0.3 million) relating to acquired subsidiaries. Due to the nature of the businesses acquired, financial performance is not comparable pre to post investment. Therefore, for all business combinations that were effected during the year, it is inappropriate to disclose the revenue and profit and loss of the combined entities for the year as though the acquisition date was the start of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Investment in associates

	Year ended 31 March 2010 £ '000	Year ended 31 March 2009 £ '000
Aggregate amounts relating to associates		
Total assets	13,504	2,711
Total liabilities	(10,795)	(6,574)
Revenues	27,458	27,366
Loss	(1,073)	(1,474)

A list of the significant investments in associates, including the name, country of incorporation, proportion of ownership interest is given below.

Name of associate	Class of share	% of class held	Country of incorporation
Taste Festivals Limited	Ordinary	50.0%	UK
Grass Roots Football Limited	Ordinary	50.0%	UK
Sub Zero Limited	Ordinary	50.0%	UK
Brand Events Australia Pty Limited	Ordinary	50.0%	Australia
Brand Events Management Ireland Limited	Ordinary	50.0%	Ireland
Brand Events South Africa Pty Limited	Ordinary	50.0%	South Africa
Two Way Gaming Limited	Ordinary	50.0%	Alderney
Brand Events Live Limited	Ordinary	49.9%	UK
Dance Floor Limited	Ordinary	49.9%	UK
DRG Media Assets Limited	Ordinary	49.9%	UK
Taste Xmas Live Limited	Ordinary	49.9%	UK
Real Foods Limited	Ordinary	20.0%	UK

Brand Events Limited is required to fund its share of losses in its associates. Two Way Media Limited is also required to fund its share of losses in Two Way Gaming Limited and hence these have been accrued for in the financial statements. Two Way Gaming Limited was voluntarily liquidated and the Alderney Court advised that the final shareholders meeting was held on 26 May 2010 and Two Way Gaming Limited is expected to be removed from the Alderney Register of Companies on 30 August 2010. There are no other outstanding commitments. DRG Limited is not required to fund the losses of its associate, DRG Media Assets Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. Discontinued operations**

The Group did not have any discontinued operations in the current year and results of the discontinued operations included in the prior year Consolidated Statement of Comprehensive Income are:

	Year ended 31 March 2010 £ '000	Year ended 31 March 2009 £ '000
Revenue	-	1,708
Expenses	-	(3,291)
Gain on disposal of operations	-	2,837
Gain on derecognition of subsidiary	81	1,375
Profit before tax	81	2,629
Attributable tax expense	-	-
Profit for the year from discontinued operations	81	2,629

13. Derecognition of subsidiaries

The Group no longer has a controlling interest in Crystal Entertainment Limited (**Crystal**) as IMAC sold the majority of its shareholding in the year and now holds 10 per cent. of the equity of Crystal. The fair value of assets and liabilities no longer controlled by the Group are as follows:

	Year ended 31 March 2010 £ '000	Year ended 31 March 2009 £ '000
Fixtures and fittings	29	275
Cash and cash equivalents	57	189
Accounts receivable	63	755
Inventories	-	209
Trade payables	(230)	(6,453)
Net liabilities deconsolidated	(81)	(5,025)

The Company did not receive any sales proceeds from the disposal of its investment in Crystal and the gain results from the deconsolidation of the net liabilities.

14. Financial assets at fair value through profit or loss

	Company		Consolidated	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Opening fair value at the beginning of the year	-	19,831	5,233	19,831
Reclassifications	1,000	-	1,000	-
Purchases at cost	310	599	419	5,832
Fair value adjustment	(201)	(20,430)	599	(20,430)
Closing fair value at the end of the year	1,109	-	7,251	5,233

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial assets at fair value through profit or loss (continued)

Reclassification includes the 4,266,667 shares received in NetPlay TV plc from Two Way Media Holdings Limited as repayment of loan notes.

Name of investment	Class of share	% of class held	Country of incorporation	Principal activity	Full commitment (£'000)	Paid as at 31 March 2010 (£'000)	Paid as at 31 March 2009 (£'000)
Incisive Media Limited	Ordinary	0.1%	UK	Business publishing	17,903	17,903	17,903
Trinity Universal Holding Limited	Ordinary	0%	UK	Interactive media marketing	5,710	5,710	5,400
Sportbuzz Limited	Preference	36%	British Virgin Islands	Internet/new media	1,604	1,604	1,604
Crystal Entertainment Limited	Ordinary	10%	UK	Talent relationships	1,311	1,311	1,311
NetPlay TV plc	Ordinary	2.1%	UK	Gaming and gambling	-	-	-
Total					26,528	26,528	26,218

Further commitments

IMAC committed a further £0.3 million to Trinity Universal Holdings Limited in June 2009.

On 4 April 2009 Trinity Universal Holdings Limited was placed in Voluntary Creditors Liquidation.

No commitment has been made to NetPlay and £1.0 million included in the closing fair value for both the Company and consolidated financial assets at fair value through profit or loss reflects the 4,266,667 shares in NetPlay received from Two Way Media Holdings Limited as repayment of loan notes. The terms of the business sales agreement required that the Company undertake to NetPlay (in order to ensure an orderly market in the buyer's shares) that they will not within 12 months of completion dispose of the legal or beneficial ownership of or any other interest in any consideration shares without the prior written consent of NetPlay.

Changes in shareholdings

The shareholding in Incisive Media Limited has been diluted following the debt and capital restructuring in which IMAC has not participated.

Sportbuzz sold its assets to Tixdaq Limited (**Tixdaq**), an unlisted ticket information business, in early April 2009 with the consideration being entirely in shares of Tixdaq. Sportbuzz now holds a 22 per cent. stake in Tixdaq. IMAC has waived its rights as a preferred shareholder and converted its shares to ordinary shares and now holds a 45 per cent. stake in Sportbuzz. IMAC therefore holds a 9.9 per cent. stake in Tixdaq through its holding in Sportbuzz.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Trade and other receivables

	Company		Consolidated	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Trade receivables	107	69	7,488	8,312
Prepayments and accrued income	124	565	7,087	10,120
Income receivable	-	107	7,517	7,747
Other receivables	-	54	1,790	3,960
	231	795	23,882	30,139

16. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The cash equivalents are currently invested in quoted cash funds. The carrying amount of these assets approximates to their fair value. Included within the Group's cash and cash equivalents is a restricted cash amount of £4,096k (March 2009: £2,297k) in relation to amounts that Whizz Kid Entertainment Limited is holding in programme production trust accounts to fund specific programme production costs and which are owed to Live VCT 1, Live VCT 2, Entertainment VCT 1 and Entertainment VCT 2 and for DRG Media Assets Limited to fund co-distribution costs and owed to Entertainment VCT 1 and Entertainment VCT 2. Further information on the Live VCT 1, Live VCT 2, Entertainment VCT 1 and Entertainment VCT 2 investments can be found in note 27 on related party transactions.

17. Trade and other payables

	Company		Consolidated	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Trade payables	43	172	8,358	4,823
Third party loans	-	-	1,815	523
Other creditors	-	-	3,432	5,343
Accruals and deferred income	282	957	20,147	24,479
	325	1,129	33,752	35,168

18. Long term third party loans

	Redemption date	Consolidated	
		2010 £ '000	2009 £ '000
Brand Events Holdings Limited	26 April 2012	2,157	1,703
Crystal Entertainment Limited	27 April 2012	-	145
Review Centre Limited	6 June 2018	544	492
Whizz Kid Entertainment Limited	22 February 2011	-	1,710
		2,701	4,050

Long term third party loans represents loan stock instruments held by other investors in the Group's subsidiaries. The Whizz Kid Entertainment Limited loan of £1,815k (2009: £1,710k) has been reclassified as a current liability in the year.

19. Deferred consideration

Deferred consideration represents future amounts payable by Digital Rights Group Limited for its acquisition of Channel 4 International and by Review Centre for its acquisition of Resource Team Limited. These payments will be made as set out in the sale and purchase agreements, which detail that the payments are to be made on various dates before 31 December 2010 for DRG and on 12 June 2018 by Review Centre Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Share capital

	2010 Company & Consolidated	2009 Company & Consolidated
Authorised share capital	No.	No.
Ordinary shares of no par value	Unlimited	Unlimited
Issued and fully paid	No.	No.
Ordinary shares of no par value	144,402,402	144,402,402

Share purchases

The Company did not purchase shares during the year. The Company purchased 3,192,000 shares at an average price of 76.10p during the previous year for cancellation.

Share options

On 4 April 2006, 750,000 share options were issued in respect of ongoing services, granting rights to Neil Blackley to subscribe for 750,000 Ordinary Shares. On 24 January 2008, Mike Luckwell was awarded 750,000 share options.

The share options have an exercise price equal to the placing price (£1) and vest over five years, (with one fifth of the options vesting each year) or immediately on the signing of a contract for the sale of the entire (or substantially entire) issued share capital or business undertaking of the Company or on their appointment as a director of the Company being terminated without cause by the Company. The share options will expire ten years from each date of grant unless there is an early expiration in accordance with the terms of each grant.

21. Shares held in treasury

During the year the Directors approved an extension to the Company's share re-purchase programme, that allows shares re-purchased to be held in treasury. The Company held 1,233,939 ordinary shares at an average price of 41.72 pence throughout the year.

	Company & Consolidated 31 March 2010	Company & Consolidated 31 March 2009
Shares held in treasury	No.	No.
Ordinary shares of no par value	1,233,939	1,233,939

22. Share premium account

	Company & Consolidated 2010 £ '000	Company & Consolidated 2009 £ '000
Balance at the beginning and end of the year	71,275	71,275

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Distributable reserve

	Company & Consolidated 2010 £ '000	Company & Consolidated 2009 £ '000
Balance at the beginning of the year	70,663	73,092
Share purchases	-	(2,429)
Balance at the end of the year	70,663	70,663

During the year nil (2009: 3,192,000) shares were purchased for cancellation at an average price of nil (2009: 76.10) pence.

24. Net asset value per share

	No. of Shares	Company pence	Consolidated pence
31 March 2010			
Ordinary shares			
Basic and diluted	143,168,463	62.64	56.33
31 March 2009			
Ordinary shares			
Basic and diluted	143,168,463	68.83	65.30

25. Minority interests

	Consolidated 2010 £ '000	Consolidated 2009 £ '000
Balance at the beginning of the year	3,372	1,349
Acquisitions	-	4,210
Profit/(loss) for the year	296	(2,187)
Balance at the end of the year	3,668	3,372

26. Financial risk factors

The investment strategy of the Company and Group is to make equity, debt or convertible investments in a broad range of high growth companies within the media sector, with a view to achieving a balanced portfolio covering a number of subsectors and which is varied in terms of size and risk profile. Consistent with that objective, the Company's financial instruments mainly comprise of investments in unlisted companies. The Company will continue to make investments only in existing investee companies. In addition the Company holds cash and cash equivalents as well as having trade and other receivables and trade and other creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, market risk, interest rate risk and concentration risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Financial risk factors (continued)

Liquidity risk

The Company had yet to invest a proportion of the funds raised from its listing, and as a result made a capital distribution to its Shareholders on 28 May 2010. The cash and cash equivalents, at the balance sheet date and following the capital distribution are placed with financial institutions on a range of terms, from call to three months' notice.

The following table details the liquidity analysis for financial liabilities at the balance sheet date:

	Less than 1 month £ '000	1-3 months £ '000	3 months to 1 year £ '000	Greater than 1 year £ '000	Total £ '000
2010					
Company					
Trade payables	43	-	-	-	43
Accruals and deferred income	-	148	134	-	282
	43	148	134	-	325
Group					
Trade payables	2,170	3,826	2,362	-	8,358
Accruals and deferred income	3,124	7,126	9,897	-	20,147
Other creditors	767	948	1,775	2,963	6,453
Third party loans	-	-	1,815	2,701	4,516
	6,061	11,900	15,849	5,664	39,474
2009					
Company					
Trade payables	142	30	-	-	172
Accruals and deferred income	-	823	134	-	957
	142	853	134	-	1,129
Group					
Trade payables	1,808	2,873	142	-	4,823
Accruals and deferred income	1,530	3,975	18,974	-	24,479
Other creditors	229	893	4,221	-	5,343
Third party loans	-	523	-	4,050	4,573
	3,567	8,264	23,337	4,050	39,218

Credit risk

The Company is exposed to credit risk in respect of its cash and cash equivalents, arising from possible default of the relevant counterparty, with a maximum exposure equal to the carrying value of those assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company monitors the placement of cash balances on an ongoing basis.

The Company is also exposed to credit risk in respect of the loans granted to its investments, with a maximum exposure equal to the value of the loans advanced.

The Group is exposed to credit risk in respect of its trade receivables, accrued income and other receivables balances, with a maximum exposure equal to the carrying value of those assets. Trade and other receivables are carried at estimated recoverable value after providing against debtors where collection is considered to be doubtful. In the current year the Group has provided for any amounts payable which have exceeded normal payment terms and where there is an expectation that the amounts may not be recoverable. The Group also recognises that the quality of debt varies considerably across the investee companies and that management regularly review the receivable balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Financial risk factors (continued)

Market risk

Market price risk arises principally from uncertainty concerning future values of financial instruments used in the Company's and Group's operations. It represents the potential loss the Group might suffer through holding interests in unquoted private companies whose value may fluctuate and which may be difficult to value and/or to realise. The Company seeks to mitigate such risk by assessing such risks as part of the due diligence process related to all potential investments, and by establishing a clear exit strategy for all potential investments.

At the reporting date, if the inputs to the investment valuation model had been 10 per cent. higher/lower while all other variables were held constant, the net profit would increase/decrease by £3,401k (2009: decrease/increase by £3,842k) for the Company and increase/decrease by £111k (2009: increase/decrease £nil) for the Group. The most significant variables in the investment valuation are the forecast income of the investee companies and the comparable multiples.

Interest rate risk

The Group is subject to risks associated with changes in interest rates in respect of interest earned on its cash and cash equivalents balances. The Group seeks to mitigate this risk by monitoring the placement of cash balances on an ongoing basis in order to maximise the interest rates obtained.

The following table details interest rate risk exposure at the balance sheet date:

	Less than 1 month £ '000	1-3 months £ '000	3 months to 1 year £ '000	Greater than 1 year £ '000	Total £ '000
2010					
Assets					
Company					
Non-interest bearing	114	117	-	34,007	34,238
Floating rate instruments	15,477	40,291	-	-	55,768
Total assets	15,591	40,408	-	34,007	90,006
Group					
Non-interest bearing	5,229	9,063	10,271	30,341	54,904
Floating rate instruments	28,597	40,291	-	-	68,888
Total assets	33,826	49,354	10,271	30,341	123,792
Liabilities					
Company					
Non-interest bearing	43	148	134	-	325
Total liabilities	43	148	134	-	325
Group					
Non-interest bearing	6,061	11,900	14,034	2,963	34,958
Fixed rate instruments	-	-	1,815	2,701	4,516
Total liabilities	6,061	11,900	15,849	5,664	39,474

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Financial risk factors (continued)

	Less than 1 month £ '000	1-3 months £ '000	3 months to 1 year £ '000	Greater than 1 year £ '000	Total £ '000
2009					
Assets					
Company					
Non-interest bearing	71	200	524	38,416	39,211
Floating rate instruments	30,460	30,000	-	-	60,460
Total assets	30,531	30,200	524	38,416	99,671
Group					
Non-interest bearing	4,489	10,284	16,004	32,308	63,085
Floating rate instruments	44,217	30,000	-	-	74,217
Total assets	48,706	40,284	16,004	32,308	137,302
Liabilities					
Company					
Non-interest bearing	142	853	134	-	1,129
Total liabilities	142	853	134	-	1,129
Group					
Non-interest bearing	4,026	7,740	23,337	4,135	39,238
Fixed rate instruments	-	-	523	4,050	4,573
Total liabilities	4,026	7,740	23,860	8,185	43,811

The following table illustrates the sensitivity of the loss on ordinary activities for the year before taxation and total equity to a change in interest rates of 50 basis points, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's cash and cash equivalent balances held at each balance date. All other variables are held constant. The Group's third party loans are at fixed interest rates, thus any change in interest rates will not affect profit.

	Company		Consolidated	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
+/- 50 basis points				
Loss on ordinary activities before taxation	194	340	239	399
Total equity	194	340	239	399

Concentration risk

The Company is exposed to concentration risk in respect of its investments in subsidiaries and financial assets at fair value through profit or loss, as these investments are all in the media sector. The maximum exposure is equal to the carrying value of those assets. The Company seeks to mitigate this risk by investing in a range of subsectors within the media sector. To date the Company has invested in the publishing, content, distribution, internet/new media, live events and marketing services sub sectors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. Financial risk factors (continued)****Capital risk management**

The capital structure of the Company consists of the proceeds raised from the issue of ordinary shares.

The Manager manages the capital of the Company in accordance with the discount management and borrowing policy provisions of the Admissions document. The discount management provisions give the Company the ability to buy back ordinary shares in the market, if they are trading at a discount to the prevailing net asset value, and they believe it to be in the Shareholders' interests. Under the borrowing policy provisions, the Company has the ability to borrow up to 25 per cent. of its Net Asset Value. The Company is yet to make any borrowings.

27. Related party transactions

- a. The Company has appointed Ingenious Ventures (a trading division of Ingenious Asset Management Limited) to provide investment management services. Ingenious Ventures Limited was the Manager up until 29 February 2008, when the Investment Management Agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited. Patrick McKenna is a director of Ingenious Asset Management Limited and was a director of Ingenious Ventures Limited until 1 June 2009, which are both wholly-owned subsidiaries within the Ingenious Group, which is controlled by Patrick McKenna. William Simpson is also a non-executive director of Ingenious Asset Management International Limited and FP Holdings Limited which are Guernsey registered companies, wholly-owned within the Ingenious Group. Ogier, of which William Simpson is a partner, has provided legal advice in connection with these entities.

The Company has a receivable balance with Ingenious Ventures at 31 March 2010. As per the Admissions document a management fee of 0.5 per cent. of the Company's net asset value was payable quarterly in advance, and then an annual adjustment was made so the Manager receives a total fee in one year equal to 2.0 per cent. of the Company's net asset value shown in the audited accounts for that year. In the current year the quarterly invoices paid in advance, totalling £1,385,000, have exceeded the annual amount due by £116,000. If the Company were to be unable to pay fees owing to the Manager due to having insufficient cash, the Manager has agreed to defer such payments until such time as the Company has sufficient cash following the realisation of investee companies.

- b. Ingenious Ventures (a trading division of Ingenious Asset Management Limited) provides administrative support to the Company which is outside the scope of the Investment Management Agreement. The recharge is made at cost and has been approved by the Board at a value of £171,000 for the current financial year. Ingenious Ventures invoices for this quarterly in arrears. Ingenious Asset Management Limited is a wholly-owned subsidiary within the Ingenious Group which is controlled by Patrick McKenna.
- c. Serena Tremlett is the Managing Director of Morgan Sharpe Administration Limited which receives fees for providing secretarial and administrative services to the Company with effect from 14 April 2009. In the period from 14 April 2009 to 31 March 2010, Morgan Sharpe has received £83,400 in fees for company secretarial, administration, accounting and directorship services.
- d. William Simpson is a partner of Ogier, which may receive fees for providing legal advice from time to time to the Company. In the current year, fees of £9,251 have been incurred with Ogier for legal advice. He is also a partner in the Ogier Group Limited Partnership, which is the beneficial owner of Ogier Fiduciary Services (Guernsey) Limited, of which Ogier Fund Administration (Guernsey) Limited is a wholly-owned subsidiary which provided company secretarial and administration services to the Company until 14 April 2009 for which IMAC has incurred £800 of costs in the current year. Ogier also received a fee of £15,000 for directorship services during the year.
- e. The Company has delegated discretionary treasury management responsibilities to Ingenious Asset Management International Limited (**IAMI**), a company of which William Simpson is a non-executive director, to manage the uninvested funds of the Company. As at 31 March 2010 IAMI held £55,058,164 (31 March 2009: £60,460,000) on behalf of the Company. IAMI is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. The fees for the services provided by IAMI to the Company are met by Ingenious Ventures.
- f. Ingenious Asset Management International Limited has further delegated its treasury management responsibilities to Ingenious Asset Management Limited which is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Related party transactions (continued)

- g.** Entities within the Group appointed Ingenious Corporate Finance Limited (**ICF**), a company of which Patrick McKenna is a director, to provide corporate finance services. ICF is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. Two Way Media Holdings Limited engaged ICF to provide corporate finance advice on the sale of Two Way Gaming Limited to NetPlay TV plc for a fee of £75,000 which was invoiced in May 2009. Stage Three Music Limited engaged ICF to provide corporate finance advice on the sale of the assets of Stage Three Music Limited to BMG Rights Management GmbH. The fee will be determined upon completion of the transaction and is anticipated to be in the region of £325,000.
- h.** In prior periods, the Company appointed Ingenious Consulting Associates Limited (**ICA**), a company of which Patrick McKenna is a director, to provide consulting services in relation to a possible acquisition target. ICA is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. No fees have been paid in the current year (2009: £18,000).
- i.** In prior periods, the Company appointed Ingenious Consulting Network Limited (**ICN**), a company of which Patrick McKenna is a director, to provide consulting services in relation to a possible acquisition target. ICN is a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna. No fees have been paid in the current year (2009: £8,000).
- j.** Patrick McKenna is a director and a shareholder of both Ingenious Live VCT 1 plc (**Live VCT 1**) and Ingenious Live VCT 2 plc (**Live VCT 2**). Live VCT 1 and Live VCT 2 have jointly agreed with Brand Events Limited to form a new company, Brand Events Live Limited, to co-promote a number of Taste events throughout the UK. On 21 April 2009, Live VCT 1 and Live VCT 2 each invested £1,000,000 through a combination of equity and loan notes for a total of 49.9 per cent. of the equity of Brand Events Live Limited. The Young Vic Theatre Company (a registered charity) holds 0.2 per cent. of the equity of Brand Events Live Limited. Patrick McKenna is the chairman of the Young Vic Theatre Company. Brand Events Limited holds the balance of the equity in Brand Events Live Limited for which it invested £499. Andrew Morris is a director and a shareholder of Brand Events Holdings Limited, which is the parent company of Brand Events Limited. Andrew Morris is also a director of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc and is a shareholder in Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc. Neil Blackley is a shareholder of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc and is a non-executive director of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Group, which is controlled by Patrick McKenna. Mike Luckwell is a shareholder of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc.
- k.** Patrick McKenna is a director and a shareholder of both Ingenious Entertainment VCT 1 plc (**Entertainment VCT 1**) and Ingenious Entertainment VCT 2 plc (**Entertainment VCT 2**). The Ingenious Group holds shares in both Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc. Entertainment VCT 1 and Entertainment VCT 2 have jointly agreed with Digital Rights Group Limited (**DRG**) to form a new company, DRG Media Assets Limited, to co-distribute digital media content. In June 2009, Entertainment VCT 1 and Entertainment VCT 2 each invested £1,000,000 through a combination of equity and loan notes for a total of 49.9 per cent. of the equity of DRG Media Assets Limited. The Young Vic Theatre Company (a registered charity) holds 0.2 per cent. of the equity in DRG Media Assets Limited. Patrick McKenna is the chairman of the Young Vic Theatre Company. DRG holds the balance of the equity in DRG Media Assets Limited for which it invested £499.
- l.** Ingenious Live VCT 1 plc, Ingenious Live VCT 2 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc have jointly agreed with Brand Events Limited to form a new company, Golfmania Limited, to co-promote a new event. On 1 December 2009, Ingenious Live VCT 1 plc, Ingenious Live VCT 2 plc, Ingenious Entertainment VCT 1 plc and Ingenious Entertainment VCT 2 plc each invested £275,000 through a combination of equity and loan notes for a total of 49.9 per cent. of the equity of Golfmania Limited. The Young Vic Theatre Company (a registered charity) holds 0.2 per cent. of the equity of Golfmania Limited. Patrick McKenna is the chairman of the Young Vic Theatre Company. Brand Events Limited holds the balance of the equity in Golfmania Limited for which it invested £499. Andrew Morris is a director and a shareholder of Brand Events Holdings Limited, which is the parent company of Brand Events Limited. Andrew Morris is also a director of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc and is a shareholder in Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc. Neil Blackley is a shareholder of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc and is a non-executive director of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Group, which is controlled by Patrick McKenna. Mike Luckwell is a shareholder of both Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. Related party transactions (continued)**

During the year, the Group carried out a number of transactions with the above mentioned related parties in the normal course of business and on an arm's length basis as listed in the table below.

		Expenditure paid		Amounts due/(receivable)	
		2010	2009	2010	2009
		£ '000	£ '000	£ '000	£ '000
Ingenious Ventures					
- Investment management fee	a	1,385	2,501	(116)	(524)
- Administrative support	b	171	171	43	43
Morgan Sharpe Administration Limited					
- Company secretarial, administration, accounting & directorship services	c	83	-	-	-
Ogier Fund Administration (Guernsey) Limited					
- Company secretarial, administration, accounting & directorship services	d	62	130	-	46
Ogier Group Limited Partnership					
- Legal advice	d	9	3	-	-
Ingenious Corporate Finance Limited					
- Corporate Finance advice	g	79	-	26	30
Ingenious Consulting Associates Limited					
- Consulting advice	h	-	18	-	-
Ingenious Consulting Network Limited					
- Consulting advice	i	-	8	-	-

Transactions between related parties

The following arrangements between related parties of the Company were agreed in the period from 2001 to 2004 prior to IMAC acquiring its 90 per cent. shareholding in Ingenious Ventures LP (**IVLP**) in 2008. IVLP holds the Company's interest in Cream Holdings Limited and Stage Three Music Limited. At the time that these arrangements were entered into the entities were not related to the Company. There has been no variation of the terms of the arrangements since they were originally entered into. Following the sale of the assets of Stage Three Music Limited to BMG Rights Management GmbH, Stage Three Music Limited will remain owned by IVLP until its liquidation is completed. This means the board of Stage Three Music Limited will remain in place, but under the control of the liquidator.

- a. Patrick McKenna is a director of Cream Holdings Limited and receives a salary of £11,627 per annum and a consultancy fee of £110,000 per annum.
- b. Patrick McKenna is a director of Stage Three Music Limited and received a salary of £11,627 per annum and a consultancy fee of £110,000 per annum through to completion of the sale of the assets of Stage Three Music Limited to BMG Rights Management GmbH.
- c. Neil Blackley is a director of Stage Three Music Limited and received a salary of £11,627 per annum through to completion of the sale of the assets of Stage Three Music Limited to BMG Rights Management GmbH.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Related party transactions (continued)

- d. Patrick McKenna receives a consultancy fee of £45,000 per annum from iD Distribution Limited, a subsidiary of Digital Rights Group Limited. This arrangement was made prior to Digital Rights Group Limited acquiring iD Distribution Limited in June 2007.
- e. Ingenious Media Consulting Limited, a wholly-owned subsidiary within the Ingenious Group, which is controlled by Patrick McKenna, receives a fee of £120,000 per annum for the provision of finance director and financial controller support to Cream Holdings Limited.

28. Events after the balance sheet date

- a. Following a strategic review of the Company, the Board proposed changes to the Company's investing policy, the Investment Management Agreement, its Articles, and a reduction of capital. The proposed changes were approved by the Shareholders at an EGM on 12 May 2010.

The new Articles of Incorporation of the Company were adopted in order to extend the duration of the life of the Company to at least the eighth anniversary following Admission; and to allow greater freedom for the Company to distribute both income and capital to Shareholders. The term of the Investment Management Agreement was extended for a further three years so that it expires no earlier than 11 April 2014 (rather than 11 April 2011). The Investment Management Agreement was also changed to permit the Manager (and its subsidiaries and associated companies) to make investments for itself, or on behalf of its clients or other funds it may manage that would otherwise be caught within the current investing policy.

The investing policy was amended to halt any new investments, other than investments relating to the investee companies and to remove the investment restriction which prevents more than 15 per cent. of the Company's net assets being invested in any one investee company at the time of that investment. Subject to Guernsey company law and the Company's ongoing working capital requirements, the revised investing policy permits the Company to make distributions to Shareholders as and when the appropriate situations arise following the realisation of its investee companies.

It was agreed to return cash to Shareholders in an amount of £50,108,962, by way of a reduction of the Company's share capital (the **Returned Capital**). The Returned Capital was distributed to Shareholders on 28 May 2010. Following this distribution the Company had approximately £5.5 million of cash.

The Investment Management Agreement, has also been amended to reduce the annual management fee from 2.0 per cent. of the Company's total net asset value to 1.25 per cent. of the Company's total net asset value minus the cash held by IMAC. The incentive fee payable by the Company to the Manager is also reset by fixing the base value at net asset value as at 31 December 2009 minus the Returned Capital (being £41,849,918 in total).

- b. A further investment of £0.5 million was made on 10 May 2010 in QobliQ Limited. The investment has been used to finance the acquisition of Singapore-based consumer, corporate and sports PR agency, Fulford PR.
- c. On 15 July 2010 the assets of Stage Three Music Limited were acquired by BMG Rights Management GmbH, subject to competition authority clearance.

SHAREHOLDER INFORMATION

1. Share price

All of the issued shares have been admitted to trading on AIM. Share price information can be obtained from many financial websites including www.londonstockexchange.com

2. Share trading

Shares can be bought and sold in the same way as any other AIM admitted company via a stockbroker. The primary market maker for the shares is Canaccord Genuity Limited.

Selling your shares may have tax consequences. You should contact your financial adviser if you are in any doubt as to such potential consequences.

3. Change of Shareholder address

Communications with Shareholders are sent to the registered address held on the register of members. In the event of a change of address or any other relevant amendments, please notify the Company's registrar, Capita Registrars, under the signature of the registered holder of the shares in question.

4. Investor relations

The Company and the Manager are committed to maintaining excellent investor relations. If you have any questions about the Company's progress please contact:

Patrick McKenna/Patrick Bradley

Ingenious

020 7319 4000

INGENIOUS MEDIA ACTIVE CAPITAL

INGENIOUS MEDIA ACTIVE CAPITAL LIMITED

(a closed-ended investment company incorporated in Guernsey with registered number 44358)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the fourth annual general meeting of Ingenious Media Active Capital Limited (the **Company**) will be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 8 September 2010 at 11.00 am for the purpose of considering and, if thought fit, passing resolutions 1 to 5 and 7 as ordinary resolutions and resolutions 6 and 8 as special resolutions:

ORDINARY BUSINESS

Annual Report and Accounts

- 1 To receive and consider the Company's annual report and accounts for the year ended 31 March 2010.

Re-appointment of Directors

- 2 THAT Patrick McKenna be and is hereby re-elected as a non-executive director of the Company.
- 3 THAT Neil Blackley be and is hereby re-elected as a non-executive director of the Company.
- 4 THAT Mike Luckwell be and is hereby re-elected as a non-executive director of the Company.

Auditors

- 5 THAT Deloitte LLP be and is hereby reappointed as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid and that the Directors be and are hereby authorised to agree the auditor's remuneration.

SPECIAL BUSINESS

Share buy backs

- 6 THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 315 of the Companies (Guernsey) Law 2008, as amended (the **Law**) to make one or more market acquisitions, as defined in section 316 of the Law, of ordinary shares of no par value in the Company (**Ordinary Shares**), on such terms and in such manner as the Directors of the Company may from time determine, provided that:
 - (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 21,475,269 Ordinary Shares, or if less, the number representing an amount up to (but not including) 15 per cent. of the issued Ordinary Share capital of the Company, excluding any shares held by the Company in treasury, on the date that this resolution is passed;
 - (b) the minimum price payable by the Company for each Ordinary Share is £0.01 and the maximum price payable by the Company for each Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share is acquired;
 - (c) subject to paragraph (d) below, this authority shall expire at the earlier of the conclusion of the next annual general meeting of the Company to be held in 2011 or on the date which is 18 months from the date of the passing of this resolution; and
 - (d) notwithstanding paragraph (c) above, the Company may make a contract to acquire Ordinary Shares under this authority before the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority and may make an acquisition of Ordinary Shares in pursuance of any such contract after such expiry.

Electronic Communications

- 7 THAT, subject to the requirements of the Companies (Guernsey) Law, 2008 (as amended) (the Law), the Company's articles of incorporation and the AIM Rules, the Company be and is hereby authorised to use Electronic Communication (as defined by the AIM Rules) and to send documents in "electronic form" and by "electronic means" as set out in the Law, in order to distribute information and documentation to its shareholders.

Articles of Incorporation

- 8 THAT, the existing articles of incorporation of the Company be rescinded in whole and substituted with the new articles of incorporation in the form produced to the meeting (and initialled for the purposes of identification) with immediate effect.

Dated: 30 July 2010

By order of the Board

Registered Office:

Isabelle Chambers
Route Isabelle
St. Peter Port
Guernsey

Morgan Sharpe Administration Limited

Company Secretary

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.
2. To have the right to attend and vote at the Meeting you must hold ordinary shares in the Company and your name must be entered on the Register (as defined below) in accordance with note 5 below.
3. A Form of Proxy is enclosed. To be valid, this Form of Proxy duly executed (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at the Company's registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote or in the case of a meeting adjourned for not more than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded. Completion and return of the Form of Proxy will not preclude a member from attending and voting at the Meeting in person or an adjournment of the Meeting if he/she so wishes.
4. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority is determined by the order in which the names of the holders stand in the register of members of the Company.
5. The Company gives notice that only those shareholders entered on the register of members of the Company (the **Register**) for certificated or uncertificated shares of the of the Company (as the case may be) at 11.00 am on 6 September 2010 (the **Specified Time**) will be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the Meeting. Should the Meeting be adjourned then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.
6. As at 30 July 2010, the latest practicable date prior to publication of this document, the Company had 143,168,463 ordinary shares in issue (excluding treasury shares).
7. Explanations relating to the above resolutions can be found on page 64.

INGENIOUS MEDIA ACTIVE CAPITAL

ADDITIONAL INFORMATION RELATING TO THE AGM

In compliance with the Combined Code, a separate resolution on each substantially separate issue will be considered by the Shareholders at the Annual General Meeting (**AGM**). All proxy votes will be counted and, except where a poll is called, the Chairman of the AGM will indicate the level of proxies lodged on each resolution, the balance for and against the resolution in question and the number of votes withheld after the resolution has been dealt with on a show of hands. The following resolutions will be considered by the Shareholders:

Resolution 1 – Annual Report & Accounts

The Shareholders will be asked in this resolution to resolve to receive and consider the Annual Report & Accounts for the year ended 31 March 2010.

Resolutions 2 to 4 – Re-appointment of the Directors

In order to comply with the Company's articles of incorporation and the AIM Rules Patrick McKenna, Neil Blackley and Mike Luckwell will seek re-election at the AGM.

Biographical details of all the Directors can be found on pages 10 and 11.

Resolution 5 – Re-Appointment of Deloitte LLP and Audit Fees

The appointment of Deloitte LLP as auditor of the Company terminates at the conclusion of the AGM. They have advised the Company of their willingness to stand for re-election as auditor of the Company until the conclusion of the AGM to be held in 2011. The Directors recommend their reappointment and seek authority to agree their remuneration.

Resolution 6 – Share Buy-Backs

The Company is currently authorised to make market purchases of an amount up to (but not including) 15 per cent. of the issued Ordinary Share capital of the Company (excluding shares held in treasury). This authority will expire at the conclusion of the Company's AGM. Shareholders will be asked to consider this special resolution in order to extend the authority. Subject to this resolution being passed, the Directors will continue to consider making market purchases of shares during the term of the resolution.

The Directors will only implement such repurchases if they are satisfied, after careful consideration, of best interests of the Shareholders as a whole. Account will also be taken of the overall financial implications for the Company. Any market purchases will therefore be conducted entirely at the Directors' discretion. Any market purchases will also be subject to the requirements of the AIM rules, the articles of incorporation and the Companies (Guernsey) Law 2008 (as amended).

Resolution 7 – Electronic Communications

Following recent amendments to the AIM Rules, Guernsey incorporated companies are now able, subject to the requirements of the AIM Rules and each company's articles of incorporation, to seek approval from shareholders to provide documents to them (including annual and half-yearly reports) using electronic means. The use of electronic communications offers environmental benefits as well as improving the speed and ease of communication between the Company and its shareholders.

Should this resolution be approved the Company will send a request in writing to each registered Shareholder of the Company to ask for their consent to electronic communications. Such consent is deemed to be given if no response is received within 28 days. Shareholders will then be alerted to the publication of the accounts on an AIM company's website. The Company may still communicate to shareholders in hard-copy form at its discretion.

Shareholders can at any time request that a document or future documents be sent to them in hard copy form.

Resolution 8 – Articles of Incorporation

Shareholders will be asked in this resolution to approve the adoption of new articles of incorporation of the Company. The amendments to the articles of incorporation are necessary to enable the Company to provide documentation to Shareholders electronically as outlined above. A copy of the amended articles of incorporation of the Company will be available at the registered office of the Company from the date of this notice until the time fixed for the AGM. Any requests from Shareholders for a copy of the amended articles of incorporation should be directed to the Company Secretary, Morgan Sharpe Administration Limited, Isabelle Chambers, Route Isabelle, St Peter Port, Guernsey or by email info@morgansharpe.com. The detail of the changes which will be made to the articles of incorporation is set out below.

1. Amending Article 1 by:

1.1 inserting the following definitions of “electronic” and “electronic communication” after the definition of “Dividend”:

“**electronic**” includes electrical, magnetic, wireless, optical, digital or electromagnetic;

“**electronic communication**” means a communication sent by electronic means;

1.2 removing the words “and expressions referring to writing include any mode of representing or reproducing words” in paragraph (G); and

1.3 inserting new paragraphs (H) and (I) as follows:

“(H) The words “in writing” shall mean written, facsimiled, or otherwise electronically transmitted or published in a readable form, printed, photographed or lithographed or represented by any other substitute for writing or partly one or partly another.

(I) References to something in electronic form shall include:

(i) something partly in electronic form;

(ii) something, whether or not itself in electronic form:

(A) made wholly or partly by electronic means; or

(B) made wholly or partly by means of something wholly or partly in electronic form.”

2. Amending Article 65(A) by inserting a new paragraph (ii) after paragraph (i) as follows:

“(ii) given by email or any other electronic method to the address of the Company specified for that purpose in the notice of the meeting or in the instrument of proxy issued by the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and subject to the need to deposit any power of attorney or other authority (if any) under which an instrument of proxy is signed, an instrument so given shall be deemed to be duly deposited. However, any power of attorney or other authority (if any) under which an instrument of proxy is executed, or a notarially certified copy of such power or authority shall not be given by email or any other electronic method;”

3. Deleting Articles 141, 142, 143, 144, 145 and 146 in their entirety and inserting new Articles 141 to 151 as follows:

“141. Any notice and any account, balance sheet, report or other document (each a “Document”) to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the Directors or a committee of Directors need not be in writing.

142. The Company may give any Document either:

(a) personally; or

(b) by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address;

(c) by transmitting it by facsimile to the registered office of the Member; or

(d) by sending it by electronic means (other than by transmission by facsimile) to such electronic address from time to time held by the Company for that Member, or by means of a website in accordance with the Law, unless such Member notifies the Company otherwise and unless and until the Company receives such notice a Member is deemed to agree to the sending of Documents by electronic means in any particular electronic form and to the sending of documents by means of a website; or

(e) if service cannot be effected in accordance with paragraphs (a) to (d) inclusive above, in any other manner permitted by the Law.

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143. In the case of joint holders of a share, all Documents shall be given to the joint holder whose name stands first in the Register in respect of the joint holding and Documents so given shall be sufficient notice to all the joint holders.
144. A Member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
145. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register, has been duly given to a person from which he derives his title.
146. Service of any Document by post shall be proved by showing the date of posting, the address thereon and the fact of prepayment.
147. A Document not sent by post but left at the registered address or at the address for service is deemed to be given on the day it is left.
148. Any Document sent by facsimile or by other electronic means shall be deemed to be received on the day that it is sent. In proving service of a Document sent by facsimile or by electronic means it shall be sufficient to show that:
 - (a) in the case of a Document sent by facsimile, the facsimile was properly addressed to the facsimile number last notified to the Company by the Member and that a transmission report was generated by the sender's facsimile machine recording a message from the recipient's facsimile machine that all pages were successfully transmitted;
 - (b) in the case of a Document sent by other electronic means, the electronic message was properly addressed to the electronic address from time to time held by the Company for that Member, and that no error message has been received in relation to the electronic message or the Document by the Company.
149. Any Document served by an advertisement or notice published in a newspaper or La Gazette Officielle is deemed to be given to all Members and other persons entitled to receive it at noon on the day when the advertisement or notice appears or, where an advertisement or notice is given by more than one advertisement or notice and the advertisements or notices appear on different days, at noon on the last of the days when the advertisements or notices appear.
150. Any Document served or delivered by the Company by any other means is deemed to be served when the Company has taken the action it has been authorised to take for that purpose.
151. A Document may be given by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of Documents to a Member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or curator of the Member or by any like description at the address, if any, supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death, bankruptcy or incapacity had not occurred. If more than one person would be entitled to receive a notice in consequence of the death, bankruptcy or incapacity of a Member, notice given to any one of such persons shall be sufficient notice to all such persons."

PROXY FORM

Form of Proxy for use by shareholders of Ingenious Media Active Capital Limited (the **Company**) at the Annual General Meeting to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 8 September 2010 from 11.00 am.

As a shareholder of the Company you have the right to attend, speak and vote at the Annual General Meeting (the **Meeting**). If you cannot, or do not want to, attend the Meeting, but still want to vote, you can appoint someone to attend the Meeting and vote on your behalf. That person is known as a “proxy”. You can use this Form of Proxy to appoint the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary), or someone else, as your proxy. Your proxy does not need to be a shareholder of the Company.

I/We (name(s) in full)	<input type="text"/>	(In BLOCK CAPITALS)
Of (address)	<input type="text"/>	(In BLOCK CAPITALS)
holding (insert number of ordinary shares)	<input type="text"/>	(In BLOCK CAPITALS)
being (a) shareholder(s) of the Company entitled to attend and vote at meetings, hereby appoint the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary), or		
<input type="text"/>	(see Note 1) as my/our proxy to attend, speak and vote for	
me/us on my/our behalf at the Annual General Meeting of the Company to be held at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 8 September 2010 from 11.00 am, and at any adjournment thereof.		

RESOLUTIONS (see Note 2)	For	Against	Withheld
1. To receive and consider the Company’s annual report and accounts for the year ended 31 March 2010. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. THAT Patrick McKenna be and is hereby re-elected as a non-executive director of the Company. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. THAT Neil Blackley be and is hereby re-elected as a non-executive director of the Company. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. THAT Mike Luckwell be and is hereby re-elected as a non-executive director of the Company. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. THAT Deloitte LLP be and is hereby reappointed as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid and that the Directors be and are hereby authorised to agree the auditor’s remuneration. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the Company’s authority to make market purchases of Ordinary Shares, subject to the provisos set out in the full text of resolution 6, set out in the notice of the Meeting. <i>(Special Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. THAT, subject to the requirements of the Companies (Guernsey) Law, 2008 (as amended) (the Law), the Company’s articles of incorporation and the AIM Rules, the Company be and is hereby authorised to use Electronic Communication (as defined by the AIM Rules) and to send documents in “electronic form” and by “electronic means” as set out in the Law, in order to distribute information and documentation to its shareholders. <i>(Ordinary Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. THAT the existing articles of incorporation of the Company be rescinded in whole and substituted with new articles of incorporation in the form produced to the meeting (and initialled for the purposes of identification) with immediate effect. <i>(Special Resolution)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate with an “X” in the appropriate box opposite the resolution how you wish your vote to be cast (see Note 5). Unless expressly defined herein, the definitions contained in the Company’s Annual Report and Accounts for the year ended 31 March 2010 and accompanying notice of the Meeting have the same meanings where used in this Form of Proxy.

Signature(s)	<input type="text"/>	(See Note 7)
Name	<input type="text"/>	(In BLOCK CAPITALS)
Date	<input type="text"/>	2010

INGENIOUS MEDIA ACTIVE CAPITAL

NOTES

A member may appoint a proxy of his own choice. If such appointment is made, please delete the words “the Chairman of the Meeting or the Company Secretary (such appointment being determined by the Company Secretary)” and insert the name of the person appointed proxy.

1. The full text of each of the resolutions is set out in the Notice of the Meeting dated 30 July 2010.
2. The completion and return of this Form of Proxy will not prevent you from attending in person and voting at the Meeting or an adjournment of the Meeting should you subsequently decide to do so.
3. A member may appoint more than one proxy to attend. When two or more valid but differing instruments of proxy are delivered or received in respect of the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was last validly delivered or received, none of them shall be treated as valid in respect of that share.
4. If you wish your proxy to cast all of your votes for or against the resolution you should insert an “X” in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the resolution and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the Meeting) which may properly come before the Meeting.
5. The “Vote Withheld” option is provided to enable you to instruct your proxy to abstain from voting on a particular resolution. A “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes “For” or “Against” a resolution.
6. This Form of Proxy must be signed by the shareholder or his/her duly constituted attorney. Where the shareholder is a corporation, the signature must be under seal or signed by a duly authorised officer or attorney or other person authorised to sign. In the case of joint shareholders, the signature of one shareholder will be accepted but the names of all joint holders should be given. The vote of the senior joint shareholder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. To be valid, this Form of Proxy duly executed (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at the Company’s registrar at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, or by fax to +44 (0) 1481 711605, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote or in the case of a meeting adjourned for not more than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded.
8. The Company gives notice that only those shareholders entered on the relevant register of members (the **Register**) for certificated or uncertificated shares of the of the Company (as the case may be) at 11.00 am on 6 September 2010 (the **Specified Time**) will be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the Meeting. Should the Meeting be adjourned, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in the notice.
9. Any proxy made by means of CREST shall not be valid.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Administrator”	Morgan Sharpe Administration Limited from 14 April 2009, Ogier Fund Administration (Guernsey) Limited during the year;
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange in relation to AIM traded securities;
“Arena”	Arena International Limited and Arena Sports Marketing Limited;
“Articles”	the articles of incorporation of the Company, as amended from time to time;
“Board”	the board of directors of the Company or the Directors present at a duly convened meeting of the directors at which a quorum is present including a duly constituted committee;
“Brand Events”	Brand Events Holdings Limited;
“C4i” or “C4i Distribution”	C4i Distribution Limited;
“Combined Code”	the Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council;
“Companies Law”	the Companies (Guernsey) Law, 2008;
“Company” or “IMAC”	Ingenious Media Active Capital Limited, a close-ended investment company incorporated as a company with limited liability in Guernsey (registered number 44358);
“Cream”	Cream Holdings Limited;
“Crystal”	Crystal Entertainment Limited;
“CTN”	Community Television Networks Limited;
“Current Investing Policy”	the Company’s current investing policy as set out in the Admission Document;
“Directors”	any person who is a director of the Company from time to time;
“DRG”	Digital Rights Group Limited;
“FSA”	the UK Financial Services Authority, its successors and assigns;
“Enigmas2”	Enigmas2 Limited;
“Entertainment VCT 1”	Ingenious Entertainment VCT 1 plc;
“Entertainment VCT 2”	Ingenious Entertainment VCT 2 plc;

INGENIOUS MEDIA ACTIVE CAPITAL

DEFINITIONS (CONTINUED)

“Group”	Ingenious Media Active Capital Limited and its subsidiaries;
“IAS”	International Accounting Standard;
“iD Distribution”	iD Distribution Limited;
“Incisive Media”	Incisive Media Limited;
“Ingenious” or “Ingenious Group”	Ingenious Media Limited and its parent company and subsidiaries from time to time;
“Ingenious Asset Management” or “IAM”	Ingenious Asset Management Limited;
“Ingenious Asset Management International”, or “IAMi”	Ingenious Asset Management International Limited;
“Ingenious Consulting Associates” or “ICA”	Ingenious Consulting Associates Limited;
“Ingenious Consulting Network” or “ICN”	Ingenious Consulting Network Limited;
“Ingenious Corporate Finance” or “ICF”	Ingenious Corporate Finance Limited;
“Ingenious Media”	Ingenious Media Limited;
“Ingenious Ventures” or “Manager”	Ingenious Ventures Limited up until 29 February 2008, when the Investment Management Agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited;
“Investment Management Agreement”	the investment management agreement dated 4 April 2006 between the Company, the Investment Manager and Ingenious Media as amended or novated from time to time;
“i-Rights”	i-Rights Limited;
“IVLP”	Ingenious Ventures L.P.;
“Laws”	means every Act, Order in Council, Ordinance or Statutory Instrument for the time being in force concerning companies registered in Guernsey and affecting the Company (including, for the avoidance of doubt, the Companies Law) in each case as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder;
“London Stock Exchange / LSE”	London Stock Exchange plc;
“Live VCT 1”	Ingenious Live VCT 1 plc;
“Live VCT 2”	Ingenious Live VCT 2 plc;
“Net Asset Value” or “NAV”	The total assets of the Company less its total liabilities (including accrued but unpaid fees) valued in accordance with IFRS and International Private Equity and Venture Capital valuation guidelines;
“NetPlay”	NetPlay TV plc
“Notice”	The notice convening the AGM which can be found on page 62;
“Nouveau Jour”	Nouveau Jour SAS;

DEFINITIONS (CONTINUED)

“Ordinary Share(s)”	no par value shares in the capital of the Company designated as ordinary share(s);
“Outside Line”	Outside Line Limited;
“Portman Film and Television”	Portman Film and Television Limited;
“Precious Media”	Precious Media Limited;
“Progressive Media”	companies that are able to take advantage of changes in the media industry landscape that provides opportunities for entrepreneurial and content-led companies to catalyse a business transformation. A business transformation may be an expansion, in either direction, along the media value chain in order to capture or control additional parts of the media value chain with the objective of retaining more of the incremental profits available;
“QobliQ”	QobliQ Limited;
“Review Centre”	Review Centre Limited;
“RNS”	The Regulatory News Service of the London Stock Exchange;
“Shareholder” or “Ordinary Shareholder”	a holder of an Ordinary Share and “Shareholders” or “Ordinary Shareholder” shall be construed accordingly;
“SponsorClick”	SponsorClick France SAS;
“Stage Three”	Stage Three Music Limited;
“Trinity”	Trinity Universal Holdings Limited;
“Two Way Media” or “Two Way”	Two Way Media Holdings Limited;
“WK” or “Whizz Kid”	Whizz Kid Entertainment Limited; and
“Zeal Entertainment”	Zeal Entertainment Limited.

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